

7/25/78-Possible 1979 Budget Reductions [1]

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POSSIBLE

1979

BUDGET

REDUCTIONS

July 1978

JUL 25 1978

TO: WORKING GROUP ON EFFICIENCY AND COST REDUCTION
SUBJECT: POSSIBLE 1979 BUDGET REDUCTIONS

This binder contains the possible 1979 budget reductions that I promised to have OMB staff compile for the use of the Working Group.

These possible reductions are not recommendations. They are suggestions prepared by OMB staff for consideration by the working group. They have not been reviewed by OMB policy officials. Nor have they been discussed with the agencies that would be affected by them.

The suggestions are, of course, very sensitive. They are for your personal use. They should not be either copied or distributed to others.

W. Bowman Cutter

W. Bowman Cutter
Executive Associate Director
for Budget

EXOP

Budget examiner: Steve Farrar

Telephone: 3670

1979 Budget Reductions
Office of the Special Representative for Trade Negotiations (STR)
Department of State International Trade Negotiations Account (ITN)

Name of affected program: Multilateral Trade Negotiations Activities

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	<u>X</u>
		Deferral proposal	_____
Operational (affecting way		Other legislation	_____
programs are carried out)	<u>X</u>	Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review):

		<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (thousands)	STR:	2,665	-217	-	-
	ITN:	4,717	-1,194	-	-
Outlays (thousands)	STR:	2,700	-207	-10	-
	ITN:	4,247	-1,074	-120	-

Suggested action:

Coordinated action of two separate accounts is recommended, since the ITN account in the Department of State's budget is under the effective control of the Special Trade Representative. The suggested action would reduce 1979 funding to more closely correspond to the projected schedule for termination of the Multilateral Trade Negotiations now in their conclusive phase in Geneva. Under this schedule, essentially all negotiations would be completed by the end of December 1978, with the first half of calendar 1979 devoted to achieving approval from the U.S. Congress and tying loose strings in the trade package. The suggested reductions would be concentrated in funds for travel, computer activities, and personnel, all categories in which generous resource are now available even under the assumption that the trade negotiations continue through fiscal 1979.

July 21, 1978

Foreign assistance

Budget examiner: Bauerlein

Telephone: 4580

International Development Assistance
1979 Budget Reductions

Name of affected program: International Organizations & Programs - UN University

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (millions)	282.2	-7.5	-5	-5
Outlays (millions)	270.2	-7.5	-5	-5

Suggested action:

Do not initiate U.S. contribution to UN University. UNU is active in three program areas - world hunger, human and social development, and use and management of natural resources - all of which are being addressed by other international organizations. Initiating U.S. contributions implies a \$50 million contribution to UNU over the next several years. The argument that a U.S. contribution is important to our relationship to Japan is overstated relative to other issues with Japan. House authorizing and appropriation committees have disallowed; Senate has left in, so issue will go to conference.

July 21, 1978

Budget examiner: Rick Nygard

Telephone: 3670

1979 Budget Reductions
Agency for International Development

Name of affected program: Functional Development Assistance

Nature of action:

Substantive (affecting program) X

Operational (affecting way
programs are carried out) _____

Type of action required:

Rescission proposal X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (millions)	1,262.4	-214.0	-	-
Outlays (millions)	859.1	- 32.1	-45.4	-68.2

Suggested action:

Hold AID functional programs to the 1978 level in 1979. While not consistent with the Presidential desire to increase AID, such a cutback would be immensely popular domestically. A rescission of this amount would probably be followed by at least token additional cuts.

July 21, 1978

Budget examiner: Rick Nygard

Telephone: 3670

1979 Budget Reductions
Agency for International Development

Name of affected program: Sahel Development Program

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
programs are carried out)

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (millions)	90.0	-40.0	-	-
Outlays (millions)	18.0	- 4.0	-7.2	-10.0

Suggested action:

Hold the program to the level appropriated in 1978. The program is moving more slowly than expected (as of June 31, 1978, only 36% of current year funds were obligated). Would be interpreted as a lessening of U.S. interest in the Sahel, but Congress is expected to reduce 1979 appropriation to no more than \$60 million in any case.

July 21, 1978

Budget examiner: Rick Nygard

Telephone: 3670

1979 Budget Reductions
Agency for International Development

Name of affected program: American Schools and Hospitals Abroad

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
programs are carried out)

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	1979	1980	1981
BA (millions)	8.0	-8.0	-10.0	-10.0
Outlays (millions)	16.9	-3.2	- 8.5	- 9.6

Suggested action:

Eliminates new funds for this program, which contributes little to the economic development of poor countries. More than half of ASHA funds are used in countries that do not currently receive U.S. economic assistance (such as Italy, France and the U.K.). The program, which subsidizes U.S. institutions overseas, is a favorite on the Hill.

July 21, 1978

Budget examiner: Rick Nygard

Telephone: 3670

1979 Budget Reductions
Agency for International Development

Name of affected program: AID Operating Expenses

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	1979	1980	1981
BA (millions)	261.0	-8.9	-	-
Outlays (millions)	254.7	-7.8	-1.1	-

Suggested action:

Hold AID personnel in 1979 to a level half way between current on-board strength and the new 1980 personnel ceiling. If the new ceiling holds, this will probably be done in any case. Given AID's recent request for a substantial personnel increase, the Agency can be expected to protest this reduction.

July 21, 1978

Budget examiner: Rick Nygard

Telephone: 3670

1979 Budget Reductions
Agency for International Development

Name of affected program: AID Operating Expenses

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (millions)	261.0	-.1	-	-
Outlays (millions)	254.7	-.1	-	-

Suggested action:

Reduce Washington staff participation in international conferences by 25%. This would consist mainly of sending individuals rather than groups to conferences.

July 21, 1978

Budget examiner: Rick Nygard

Telephone: 3670

1979 Budget Reductions
Agency for International Development

Name of affected program: AID operating Expenses

Nature of action:

Substantive (affecting program) _____

Operational (affecting way
programs are carried out) X

Type of action required:

Rescission proposal X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (millions)	261.0	-.2	-	-
Outlays (millions)	254.7	-.2	-	-

Suggested action:

Discontinue publication of "Agenda" magazine, which describes AID and P.L. 480 programs and is mailed free to 200,000 subscribers ten times a year. It is of marginal technical and public relations value.

July 21, 1978

Budget examiner: Rick Nygard

Telephone: 3670

1979 Budget Reductions
Agency for International Development

Name of affected program: Contingency Fund

Nature of action:

Substantive (affecting program) X

Operational (affecting way
programs are carried out) _____

Type of action required:

Rescission proposal X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (millions)	5.0	-5.0	-5.0	-5.0
Outlays (millions)	4.8	-2.0	-4.6	-4.9

Suggested action:

Eliminate the Contingency Fund. Because of congressional concern about the misuse of the contingency fund (e.g., to buy a helicopter for Egyptian President Sadat), the fund has been kept small and has only been used once since 1974. Moreover, its congressional attention limits its usefulness. Most of its objectives can be met through the International Disaster Assistance account or Presidential Transfers, and special appropriations could be sought if the needs were to arise. Secretary Vance, recently, has indicated an interest in greater use of the contingency fund and is considering larger requests.

July 21, 1978

AGRICULTURE

Budget examiner: Eric V. Robinson

Telephone: 395-4762

1979 Budget Reductions
Department of Agriculture

Name of affected program

Organization of USDA

Nature of action:

Type of action required:

Substantive (affecting program) _____	Recission proposal _____
	Deferral proposal _____
Operational (affecting way _____	Other legislation <u>X</u>
programs are carried out) <u>X</u>	Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA		-2,000 ^{1/}	-20,000	-20,000
Outlays		-2,000 ^{1/}	-20,000	-20,000

Suggested action

Consolidate the field offices (about 12,000) of four USDA bureaus - all serving essentially the same clientele - into single USDA field offices. The four bureaus and their employee levels are: Agricultural Stabilization and Conservation Service (16,000, including 13,500 Federally financed but non-Federal), Soil Conservation Service (14,000), Federal Crop Insurance Corporation (560), and Farmers Home Administration (7,700). Congressional opposition would be strong; even housing these bureaus in the same building evoked such opposition. USDA may be considering a similar proposal.

1/ Savings could offset increased pay costs.

Budget examiner: Eric V. Robinson

Telephone: 395-4762

1979 Budget Reductions
Department of Agriculture

Name of affected program

All USDA bureaus

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	_____
		Administrative action	<u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	NA	-500	-1,000	-1,000
Outlays	NA	-500	-1,000	-1,000

Suggested action

Eliminate about 30 "deputy" or "assistant to" positions, particularly in Agricultural Stabilization and Conservation Service, Foreign Agricultural Service, Agricultural Marketing Service, Animal and Plant Health Inspection Service, Farmers Home Administration, and offices associated with the Office of the Secretary. Agency likely to object because creation of the jobs is a method of placing its own people in key positions. Savings could offset increased pay costs.

Budget examiner: Molly M. Frantz

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

U.S. Department of Agriculture

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	NA	-300	-300	-300
Outlays	NA	-300	-300	-300

Suggested action

Consolidate the purchasing of publications in USDA. One such consolidation by the USDA produced a 7:1 cost benefit by (1) securing a group subscription rate (40% lower) and (2) reducing the purchase order processing cost to a one-time event (down from 300+ separate processes). Savings would be applied to pay raises.

Budget examiner: Fitzhugh Thomas

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Long-term training, USDA

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

Deferral proposal _____

Operational (affecting way
programs are carried out) X

Other legislation _____

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	260	260	260	260
Outlays	260	260	260	260

Suggested action

Long-term training (more than 960 hours) which is mainly graduate school or other standard educational experience for which the payoff to the Federal Government is distant could be sharply curtailed or eliminated without jeopardizing efficiency in program management. In FY 1977, 42 persons participated from several bureaus for a total direct and indirect cost (excluding salaries) of \$260K. Savings from this reduction could be applied against either pay costs or postal costs to reduce the need for supplemental financing.

Budget examiner: E. Franklin Warner

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Office of the Inspector General

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

X

Deferral proposal _____

Operational (affecting way
programs are carried out) X

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	32,186	-300	-300	-300
Outlays	31,633	-300	-300	-300

Suggested action

Eliminate the Office of Personnel in the Office of the Inspector General and have this function performed by the USDA Office of Personnel.

Budget examiner: Frank Warner

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Office of Inspector General

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal	<u>X</u>
	Deferral proposal	_____
Operational (affecting way programs are carried out) <u>X</u>	Other legislation	_____
	Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	32,186	-950	-950	-950
Outlays	31,633	-950	-950	-950

Suggested action

Bring together the regional offices of the Office of Audit and the Office of Investigation. The current structure has six regions under the Office of Audit and seven regions under the Office of Investigation. This would create an appropriate number of regional offices (probably six) under the Inspector General.

Budget examiner: Richard D. Butler

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Foreign Agricultural Service, Market Development

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	<u>X</u>
		Deferral proposal	_____
Operational (affecting way		Other legislation	_____
programs are carried out)	<u>X</u>	Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	28,300	-5,000	-5,000	-5,000
Outlays	28,300	-5,000	-5,000	-5,000

Suggested action

Require all U.S. cooperators (U.S. commodity associations) in foreign market development projects who do not now at least match Federal inputs, to match them. A large portion of the Federal funds are now matched and presumably the benefits of the program are captured by the cooperators.

Budget examiner: Richard D. Butler

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Foreign Agricultural Service, Attache service

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	<u>X</u>
		Deferral proposal	_____
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	_____
		Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	12,600	-300	-300	-300
Outlays	12,600	-300	-300	-300

Suggested action

The State Department, in its MODE review, has identified 6 positions in the USDA Attache Service which the Ambassadors believe to be redundant. OMB agrees.

Budget examiner: E. Franklin Warner

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Water Bank Program

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal

X

Deferral proposal

Operational (affecting way
programs are carried out) _____

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	10,000	-10,000	-10,000	-10,000
Outlays	7,000	- 2,400	- 4,100	- 6,000

Suggested action

Discontinue the Water Bank Program in USDA. It is believed that the wet lands preservation program in the Department of the Interior is better suited to protect the nation's wet lands than the Water Bank Program since all this program does is pay land owners for certain periods (usually 10 years) not to alter the condition of wet lands under contract. The Interior program is more reliable because it takes funds from the sale of Duck Stamps and uses them to purchase the land "in fee" to be held by the Federal Government in perpetuity.

Budget examiner: Richard D. Butler

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Commodity Credit Corporation - Short-term export credit

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	-	-	-	-
Outlays	1,500,000	-500,000	-83,000	+249,000

Suggestion action

Cut back CCC short-term export program to the levels of the recent past. The effectiveness of the program in increasing the U.S. share of world markets for farm products, especially in the grain area, is in doubt. We also believe that such credit substitutes for cash sales when it is available in large volume. In addition, market prices have firmed up considerably since preparation of the 1979 budget.

Budget Examiner: Ron Landis
 Telephone: 395-4695

1979 Budget Reductions
 Department of Agriculture

Name of affected program:

Farmers Home Administration - Loan servicing

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal _____
	Deferral proposal _____
Operational (affecting way _____	Other legislation _____
programs are carried out) <u>X</u>	Administrative action <u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ 000)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA (Administrative Expenses)	\$79,200	(\$-1,000)	(\$-4,000)	(\$-4,000)
Outlays ".....".....	\$79,200	(\$-1,000)	(\$-4,000)	(\$-4,000)

Suggested action

Contract loan servicing--where feasible--with private lenders. Savings result primarily from reduced loan delinquencies and reduced losses due to foreclosures. 1/ A pilot effort will start shortly in three states for contract servicing of existing single family housing loans. Workload reductions equivalent to 300-400 man-years for housing could be possible if the pilot effort is extended nationwide. This "reduction" could be utilized for implementation of approved new programs for which no staff increases have been provided.

1/ Such savings in other than Administrative Expense accounts could be as much as \$30M annually for housing loans.

Budget examiner: Frank Warner

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Conservation operations (technical assistance) - Soil Conservation Service

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal

Deferral proposal

Operational (affecting way
programs are carried out) _____

Other legislation X

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 Base Total	1979	1980	1981
BA	258,659	-18,500	-37,000	-37,000
Outlays	247,962	-18,500	-37,000	-37,000

Suggested action

Propose the users of conservation technical assistance for certain practices* be required to pay user charges at the rate of 50% of cost to the Government. This is likely to draw strong opposition from the Congress and certain special interest groups, e.g., the National Association of Conservation Districts.

*Planning and installing farm ponds, planning and designing irrigation systems, planning and installing terrace systems, and laying out and designing underground drain tile fields.

Budget examiner: Molly M. Frantz

Telephone: 395-3446

1979 Budget Reductions
Department of Agriculture

Name of affected program

Animal and Plant Health Inspection Service

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
programs are carried out) _____

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	4,000	-4,000	-4,000	-4,000
Outlays	4,000	-4,000	-4,000	-4,000

Suggested action

Terminate the imported fire ant and gypsy moth control programs since neither pest inflicts significant economic or human health damage. Congress has repeatedly rejected attempts to phase out the fire ant program. No recent attempts have been made to eliminate the gypsy moth program. The efficacy of these two programs is highly questionable.

Budget examiner: Steven Satterfield

Telephone: 395-3495

1979 Budget Reductions
Department of Agriculture

Name of affected program

All Forest Service programs

Nature of action:

Substantive (affecting program) _____

Operational (affecting way
programs are carried out) X

Type of action required:

Rescission proposal _____

Deferral proposal _____

Other legislation X

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	NA	-4,000	-9,000	-9,000
Outlays	NA	-4,000	-9,000	-9,000

Suggested action

Consolidate regional offices. An earlier attempt to consolidate these offices--and save about 500 positions--was thwarted by the Congress through a provision added to the Forest Service Appropriation Bill which prohibits the use of funds to "change the boundaries of any region, to abolish any region, to move or close any regional office." An unsuccessful attempt has been made annually to remove the provision.

Budget Examiner: Steve Satterfield

Telephone: 395-3495

1979 Budget Reductions
Department of Agriculture

Name of affected program

All Forest Service Programs

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	NA	-1,000	-2,000	-2,000
Outlays	NA	-1,000	-2,000	-2,000

Suggested action

Centralize some of the personnel functions. Forest Service personnel management is decentralized. Some savings may be achieved through centralization of the smaller subdivisions. Study would be necessary to identify those subdivisions.

Budget examiner: Steve Satterfield

Telephone: 395-3495

1979 Budget Reductions
Department of Agriculture

Name of affected program

Forest protection and utilization

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	26,000	-23,000	-23,000	-23,000
Outlays	26,000	-23,000	-23,000	-23,000

Suggested action

Eliminate grants to the States to organize, train and equip firefighting forces to prevent and control fires - continue to provide technical assistance. Fire protection should continue to be a responsibility of local government. Distribution to States is not based on ability to pay. Previous attempts to reduce this program failed to obtain Congressional support.

Budget examiner: Steven E. Satterfield

Telephone: 395-3495

1979 Budget Reductions
Department of Agriculture

Name of affected program

Recreation Use - Forest Land Management
Construction and Operation of Recreation Facilities

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

Deferral proposal _____

Operational (affecting way
programs are carried out) X

Other legislation _____

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review): \$000

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	88,000	-4,000	-4,000	-4,000
Outlays	84,000	-4,000	-4,000	-4,000

Suggested action

Increase fees for use of developed recreation areas on national forests in conjunction with similar action on other public lands. This would involve extending fees to areas where fees are not presently collected. This should permit doubling collections to about \$8M per year.

Budget Examiner: Steve Satte ld

Telephone: 395-3495

1979 Budget Reductions
Department of Agriculture

Name of affected program

Youth Conservation Corps (YCC)

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal

X

Operational (affecting way
programs are carried out) _____

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ 000)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	\$60,000	\$-60,000	\$-60,000	\$-60,000
Outlays	\$56,000	\$-50,000	\$-60,000	\$-60,000

Suggested action

Fold YCC into the Young Adult Conservation Program (YACC). The YCC is not oriented toward the hard-core unemployed. Its merger with YACC and a reduction in the total size would permit a more efficient and effective approach to alleviating youth unemployment. The 1980 planning ceiling contemplates such an action in 1980. Senator Jackson opposed a proposal during consideration of the 1979 budget.

7/20/78

1979 Budget Reductions
Food and Nutrition Service

Name of affected program:

School Feeding Programs

Nature of action:

Type of action required:

Substantive (affecting program)	<input type="checkbox"/>	Rescission proposal	<input type="checkbox"/>
		Deferral proposal	<input type="checkbox"/>
Operational (affecting way programs are carried out)	<input checked="" type="checkbox"/>	Other legislation	<input type="checkbox"/>
		Administrative action	<input checked="" type="checkbox"/>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	2630	0	0	0
Outlays.....	2475	-35	-50	-60

Suggested action

Require the Food and Nutrition Services to recover from state or local authorities all meal reimbursements not properly payable because of audit findings of improper or nonexistent applications or improper meal counts.

COMERCE

Budget Examiner John Pfeiffer
Telephone x 4505

1979 Budget Reductions
Department of Commerce

Name of affected program

Census Bureau Registration and Voting Survey

Nature of action:

Substantive (affecting program) X

Operational (affecting way
programs are carried out)

Type of action required:

Rescission proposal X

Deferral proposal

Other legislation X

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	37	-37	-8	-37
Outlays.....	37	-37	-8	-37

Suggested action:

Eliminate Registration and Voting Survey required by Voting Rights Act since no clear plan for the use of these data has ever been prepared and their utility for enforcement of the Act is apparently nil. (Includes 22FTP and 622 other positions.)

Budget Examiner John Pfeiffer
Telephone x 4505

1979 Budget Reductions
Department of Commerce

Name of affected program

Bureau of the Census - Housing Vacancy Survey

Nature of action:

Substantive (affecting program) X

Operational (affecting way
programs are carried out)

Type of action required:

Rescission proposal X

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	.425	-.114	-.114	-.114
Outlays.....	.424	-.114	-.114	-.114

Suggested action:

Postpone projected improvements (including addition of 2 FTP positions) and attempt to obtain additional desired data from the HUD-funded Annual Housing Survey.

Budget Examiner John Pfeiffer
Telephone x 4505

1979 Budget Reductions
Department of Commerce

Name of affected program

Economic Development Administration - Business Development Program

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
programs are carried out) _____

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	131	-105	-105	-105
Outlays.....	22	-18	-62	-92

Suggested action:

Limit EDA Business Development Program to loan guarantees only; eliminate direct loans.

Budget Examiner John Pfeiffer
 Telephone x 4505

1979 Budget Reductions
 Department of Commerce

Name of affected program

Economic Development Administration - Program Evaluation

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
 programs are carried out) X

Deferral proposal

Other legislation

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	2.6	-1.6	-1.6	-1.6
Outlays.....	1.0	-.64	-1.28	-1.6

Suggested action:

Reduce funds for program evaluation to 1978 appropriations level in line with EDA plans to deemphasize program evaluation (includes elimination of 3 FTP positions). Limited remaining evaluation efforts can be handled by Research Division.

Budget Examiner John Pfeiffer
Telephone x 4505

1979 Budget Reductions
Department of Commerce

Name of affected program

Economic Development Administration - State Planning and Investment Program

Nature of action:

Type of action required:

Substantive (affecting program) x

Rescission proposal

Deferral proposal

Other legislation

Administrative action

Operational (affecting way
programs are carried out)

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 Base Total	1979	1980	1981
BA.....	26	-26	-26	-26
Outlays.....	4	-4	-18	-24

Suggested action:

Eliminate funding for Section 302 and Section 304 planning and investment grants to states, which are duplicative of Federal assistance programs for states operated by other agencies.

Budget Examiner John Pfeiffer
Telephone x 4505

1979 Budget Reductions
Department of Commerce

Name of affected program

Economic Development Administration - Adjustment Assistance

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
programs are carried out) _____

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	42.5	-6.0	-6.0	-6.0
Outlays.....	11	-1.5	-5.4	-6.0

Suggested action:

Reduce budget authority for adjustment assistance planned for defense base closings, since projected need for such assistance has declined since the 1979 budget was submitted.

1979 Budget Reductions
 Department of Commerce

Name of affected program

Economic Development Administration - Demonstration Program

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
 programs are carried out)

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	10	-10	-10	-10
Outlays.....	3	-3	-9	-10

Suggested action:

Eliminate EDA Demonstration program. With major funding increases for EDA's regular program, additional "demonstration" funds are redundant.

Budget Examiner John Pfeiffer
Telephone x 4505

1979 Budget Reductions
Department of Commerce

Name of affected program

Regional Action Planning Commissions

Nature of action:

Substantive (affecting program) X
Operational (affecting way
programs are carried out) _____

Type of action required:

Rescission proposal X
Deferral proposal _____
Other legislation _____
Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	64	-64	-72	-72
Outlays.....	67	-64	-72	-72

Suggested action:

Eliminate RAPC program whose legislative authority expires at the end of FY 1979, because the program has been unable to plan for and develop multistate regional programs effectively and has been unable to articulate a need for its services that is not now or cannot be met by some other Federal, State or local government program. Reduction includes 94 FTP positions.

Budget Examiner John R. Dyer
 Telephone 395-3304

1979 Budget Reductions

Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration/Ocean Laboratory

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
 programs are carried out) _____

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total*</u>	(\$ in millions)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	1.4	-1.4	--	--
Outlays.....	0.5	-0.5	-0.9	--

*Carryover of 1978 construction appropriation which is being deferred.

Suggested action:

Do not develop NOAA underwater laboratory, OCEANLAB. There are serious concerns as to the need for such a laboratory and its cost-effectiveness. This project is strongly supported by Senator Weicker and Congressman Alexander. Secretary Kreps has publicly assured the Congressional members that she supports OCEANLAB. The 1978 budget proposed that funds appropriated for OCEANLAB development be rescinded but the Congress did not concur. Segments of the academic community and others (including some Commerce staff) do not see the need for the OCEANLAB as conceived by its supporters.

Budget Examiner John Dyer
Telephone 395-3304

1979 Budget Reductions

Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration/Restoring and Increasing Fishery Resources

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

May Require

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

	(\$ in millions)			
	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	9.9	-0.2	-0.2	-0.2
Outlays.....	8.0	-0.2	-0.2	-0.2

Suggested action:

Turn over complete management of NOAA supported hatcheries on Columbia River to States. Savings should result from reduced NOAA administrative overhead.

Budget Examiner John R. Dyer
Telephone x 3304

1979 Budget Reductions
Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Travel

Nature of action:

Substantive (affecting program) _____

Operational (affecting way
programs are carried out) X

Type of action required:

Rescission proposal X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	12.9	-0.3	-0.3	-0.3
Outlays.....	12.9	-0.3	-0.3	-0.3

Suggested action:

Reduce funds for travel by 2%. This can easily be met by reducing the number of NOAA employees going to international meetings.

Budget Examiner John R. Dyer
 Telephone x 3304

1979 Budget Reductions
 Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Ship Operations.

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
 programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	29.4	-0.2	-0.2	-0.2
Outlays.....	28.0	-0.2	-0.2	-0.2

Suggested action:

Reduce funding for ship days at sea by 1% (50 days). This can be accomplished through better scheduling of ship use. Minimal impact.

Budget Examiner John R. Dyer
Telephone x 3304

1979 Budget Reductions
Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Geodetic Surveys and Services

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 Base Total	1979	1980	1981
BA.....	0.7	-0.2	-0.2	-0.2
Outlays.....	0.6	-0.1	-0.2	-0.2

Suggested action:

Reduce maintenance of horizontal and vertical survey marks of the geodetic network in some regions. More reliance would have to be placed on voluntary cooperation from states which benefit from the markers. Some markers might be lost. Minimal impact.

Budget Examiner John R. Dyer
Telephone x 3304

1979 Budget Reductions
Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Nautical Chart Services

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	3.4	-0.1	-0.1	-0.1
Outlays.....	3.2	-0.1	-0.1	-0.1

Suggested action:

Reduce funding for hydrographic surveys by 2-3%. The same amount of survey work can probably be accomplished with more efficient management and, if not, the programmatic impact would be minimal, i.e., 1-2 fewer new charts published.

Budget Examiner John R. Dyer
 Telephone x 3304

1979 Budget Reductions
 Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Fisheries Grants to States

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
 programs are carried out) _____

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	3.8	-3.8	-3.8	-3.8
Outlays.....	3.8	-3.8	-3.8	-3.8

Suggested action: The Administration would propose terminating its matching (75%) support for fisheries grants to states for carrying out research and development of commercial fisheries resources. This is a low priority now that the Federal Government has major new responsibilities for managing fishery resources in the 3-200 mile zone. States should use their own funds for projects which are designed to manage and develop fisheries resources in their waters. The House appropriations bill would add \$1.2 million to the President's request of \$3.8 million. State fisheries departments are strong advocates for this program. The Administration may be accused of being anti-fishermen.

Budget Examiner John R. Dyer
Telephone x 3304

1979 Budget Reductions
Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Executive Direction and Administration

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 Base Total	1979	1980	1981
BA.....	1.2	-0.2	-0.3	-0.3
Outlays.....	1.1	-0.2	-0.3	-0.3

Suggested action:

Reduce staffs (-7 positions out of 27) and efforts in public affairs by 25%. Minimal impact.

Budget Examiner John R. Dyer
Telephone x 3304

1979 Budget Reductions

Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Sea Grant

Nature of action:

Type of action required:

Substantive (affecting program) X

Rescission proposal X

Operational (affecting way
programs are carried out) _____

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	3.7	-1.2	-2.4	-3.7
Outlays.....	2.0	-0.6	-1.2	-2.4

Suggested action:

Phase out support for marine education and training activities supported by the Sea Grant program. These funds are used to train persons in marine related fields, develop courses, and educate the public in marine affairs at all levels. These types of activities should be supported by HEW and other State/local education programs where appropriate/necessary. Congress has been expressing more interest in this aspect of the Sea Grant program.

Budget Examiner John R. Dyer
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1979 Budget Reductions

Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Economics and Fishery Statistics

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

X

Deferral proposal _____

Operational (affecting way
programs are carried out) X

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	3.8	-0.1	-0.1	-0.1
Outlays.....	3.5	-0.1	-0.1	-0.1

Suggested action:

Reduce commercial fishery data collection effort and quantity of such statistics provided to states and industry.
Minimum impact.

Budget Examiner John Dyer
Telephone x 3304

1979 Budget Reductions
Department of Commerce

Name of affected program

National Oceanic and Atmospheric Administration - Ship Base Operations

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	16.1	-0.4	-0.4	-0.4
Outlays.....	15.0	-0.3	-0.4	-0.4

Suggested action:

Reduce funding for base operations by 2%. This would be accomplished by decreasing contracted work by 3% and having the NOAA crews assume responsibility for simpler maintenance duties. Likewise, the introduction of new equipment would be curtailed, and less funding flexibility would exist for meeting unanticipated major repairs within base funds.

Budget Examiner Frank Seidl
 Telephone x 4507

1979 Budget Reductions
 Department of Commerce

Name of affected program

Industry and Trade Administration - Field Operations

Nature of action:

Substantive (affecting program) _____

Operational (affecting way
 programs are carried out) X

Type of action required:

Rescission proposal X
 Deferral proposal _____
 Other legislation _____
 Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	9.7	-2.0	-4.0	-4.0
Outlays.....	9.7	-2.0	-4.0	-4.0

Suggested action:

Reduce the level of ITA field activity by consolidating the field office structure. ITA field offices serve as the Department's principal contact with local business communities. There are currently 43 District and 21 satellite offices. The Department's international and domestic assistance programs in the field could be carried out using the leverage of banks, chambers of commerce, and state departments of commerce or economic development rather than relying on one on one contacts with individual businesses.

Budget Examiner Dianne Cormier
Telephone 395-3941

1979 Budget Reductions
Department of Commerce

Name of affected program

National Bureau of Standards/Metric Education

Nature of action:

Substantive (affecting program) X

Operational (affecting way
programs are carried out) _____

Type of action required:

Rescission proposal X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in thousands)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	350	- 350	- 350	- 350
Outlays.....	350	- 350	- 350	- 350

Suggested action:

Eliminate the metric education program in NBS. The Metric Board will be operational in 1979 and can assume responsibility for this activity within their resources.

Budget Examiner Dianne Cormier
Telephone x 3941

1979 Budget Reductions
Department of Commerce

Name of affected program

Office of Environmental Affairs

Nature of action:

Substantive (affecting program) X

Operational (affecting way
programs are carried out)

Type of action required:

Rescission proposal X

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in thousands)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	950	-950	-950	-950
Outlays.....	950	-950	-950	-950

Suggested action:

The functions of the Office of Environmental Affairs, located in the Office of the Assistant Secretary for Science and Technology, overlaps with those of the environmental office in the Industry and Trade Administration and the Office of Policy Analysis. One of OEA's chief functions is to coordinate the environmental standards programs in NBS with those of EPA. However, as of FY 1979, NBS no longer has a directly funded environmental program and there is no longer any need for this extra management layer. The OEA's work in reviewing the EIS's can be coordinated by the Office of Policy Analysis using technical assistance from NOAA and NBS.

Budget Examiner Alan Rhinesmith
Telephone x 3304

1979 Budget Reductions
Department of Commerce

Name of affected program

Maritime Administration - Market development

Nature of action:

Substantive (affecting program) X

Operational (affecting way
programs are carried out)

Type of action required:

Rescission proposal X

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in thousands)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	996	-171	-171	-171
Outlays.....	996	-171	-171	-171

Suggested action:

The reduction proposed here would eliminate government spending on behalf of the National Maritime Council, an industry promotional group receiving staff support from the Maritime Administration.

Budget Examiner Alan Rhinesmith
Telephone x 3304

1979 Budget Reductions
Department of Commerce

Name of affected program

Maritime Administration - Ship construction subsidy

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in thousands)

	1979 Base Total	1979	1980	1981
BA.....	2,479	-500	-500	-500
Outlays.....	2,479	-500	-500	-500

Suggested action:

This reduction relates to staff used to estimate and monitor the construction differential subsidy program. The projected decline in new subsidy contracts in the next few years means that a cut in personnell is called for here.

DEFENSE-MILITARY

1979 Budget Reductions
Department of Defense

SUMMARY

(\$ Millions)

	<u>BA Adjustment</u>			<u>Outlay Adjustment</u>		
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Manpower Efficiencies	-240	-720	-1,190	-240	-720	-1,190
Manpower (000)						
Military	(21)	(36)	(50)			
Civilian	(13)	(25)	(38)			
Other Operating Efficiencies	-430	-670	-670	-310	-470	-570
Pay Adjustments - Administrative Action	-20	-30	-40	-20	-30	-40
Pay Calculation Adjustments - Legislation Required.	-110	-260	-260	-110	-260	-260
Defense Contracting Efficiencies (Other than Supplies/Materials)	<u>-600</u>	<u>-1,000</u>	<u>-1,000</u>	<u>-110</u>	<u>-430</u>	<u>-820</u>
Totals	-1,400	-2,680	-3,160	-790	-1,910	-2,880

July 21, 1978

Budget Examiner: Kretzmann

Telephone: 4530

1979 Budget Reductions
Department of Defense

Manpower Efficiencies

Nature of action:

Substantive (affecting program) _____

Operational (affecting way
programs are carried out) X

Type of action required:

Rescission proposal _____

Deferral proposal _____

Other legislation X

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ millions)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA		-240	-720	-1,190
Outlays		-240	-720	-1,190
Manpower (000)				
Military		21	36	50
Civilian		13	25	38

Suggested action:

A variety of actions, none of which would require a reduction in military readiness or capabilities, could be taken to reduce military and civilian manpower levels. Included are: reducing the number and size of the military base structure*; headquarters management efficiencies; dissolving the Army

and Air Force Veterinary Corps*; reducing the number of personnel assigned to equipment maintenance in all services by more closely following commercial airline maintenance practices; using military dentists more efficiently; discontinuing the practice of overmanning specific career enlisted skills to offset deficits in other career skills; and tightening up the management of security background investigations.

* Requires legislation

1979 Budget Reductions
Department of Defense

Other Operating Efficiencies

Nature of action:

Substantive (affecting program) _____
Operational (affecting way
programs are carried out) X

Type of action required:

Rescission proposal _____
Deferral proposal _____
Other legislation X
Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review);

	(\$ millions)		
	1979		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>
			<u>1981</u>
BA		-430	-670
Outlays		-310	-470
			-570

Suggestion actions

A number of actions, none of which would require a reduction in military readiness or capabilities, could be taken to improve the efficiency of Defense operations. Included are: improving supply management through such actions as recompeting supply and service contracts and re-examining re-order levels; reducing flying hours in all services through greater use of simulators; reducing consulting service contracts; eliminating advertising for officer recruitment since there has been little difficulty in attracting sufficient candidates; and closing the Uniformed Services University of the Health Sciences and relying on civilian medical schools.*

* Requires legislation

Budget Examiner: Hannon

Telephone: 3796

1979 Budget Reductions
Department of Defense

Pay Adjustments - Administrative actions

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal _____

Operational (affecting way
programs are carried out) X

Deferral proposal _____

Other legislation _____

Administrative action X

Budget Effect (Change from Presidential proposals in Mid-Session Review);

(\$ millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
DOD				
BA	-	-20	-30	-40
Outlays	-	-20	-30	-40
All Agencies				
BA	-	-60	-90	-110
Outlays	-	-60	-90	-110

Suggested Actions:

White collar promotion rates. Extend the minimum time-in-grade requirement for promotion of General Schedule professional and administrative personnel from one to two years through GS-11 and to three years thereafter. About 72% of entry-level (GS-7) General Schedule personnel are promoted after their first year of service. Average

promotion rates are so rapid that these entrants can be expected, on average, to reach their terminal grade (GS-11/12) by age 42, roughly 20 years before they would normally retire. This pattern represents a significant performance disincentive, both for entry level personnel, most of whom will be promoted without regard to their first year performance, and for senior career personnel, who have little opportunity to be promoted (or be fired) over roughly half their working career. This pattern also contributes to an estimated salary advantage of 13%-20% for federal workers over their private sector counterparts and in a federal grade distribution for PATC survey occupations that is typically one grade higher than that observed in the private sector.

Paid Overtime to Exempt Employees. Eliminate paid overtime for most exempt employees (exempt from the provisions of the Fair Labor Standards Act, generally professional employees). Current practice varies from agency to agency, with some agencies being relatively lenient and others very stringent in their approval of paid overtime for exempt employees. While hard data on potential savings is difficult to find, there is evidence that about 10% of overtime goes to employees in GS-12 and above. On this basis, we have estimated that \$70 million is paid to exempt employees and that of the total stringent criteria applied to all agencies would result in savings of \$50 million. Defense is estimated to experience about \$15 million of this total.

Civilian overseas housing allowances. Terminate the practice of providing a special housing allowance (independent of duty station) to overseas civilian employees since it is no longer needed as a recruiting and retention incentive and it is unfair to domestic civilian employees and uniformed personnel, who must pay for housing from their basic compensation package (or from the military equivalent of a civilian salary). This allowance would be replaced by an adjustment to the existing cost-of-living allowance in those overseas areas where housing costs exceed those prevailing in the U.S. A "fair market rental" charge would be imposed when housing is provided. Initially, this change would apply only to new employees, with personnel now overseas retaining the allowance for the length of their overseas employment contract, not to exceed five years. Steady state savings amount to \$52M annually by 1983.

Budget Examiner: Hannon

Telephone: 3796

1979 Budget Reductions
Department of Defense

Pay calculation adjustments - Legislation required

Nature of action:

Substantive (affecting program) _____

Operational (affecting way
programs are carried out) X

Type of action required:

Rescission proposal _____

Deferral proposal _____

Other legislation X

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):

		(\$ millions)		
	1979			
	<u>Base</u> <u>Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
DOD				
BA		-110	-260	-260
Outlays		-110	-260	-260
All Agencies				
BA		-160	-310	-310
Outlays		-230	-610	-610

Suggested actions:

CPI adjustments for military and civil service retirement benefits. These could be adjusted once rather than twice each year for cost of living increase--as is now done for Social Security benefits. A scheduled 2.9% benefit adjustment in March 1979 would be delayed four months until July 1979 and increased to 3.8% to reflect the additional CPI increase expected during the four-month lag. Subsequent annual adjustments

each July would match the timing and increase applied to Social Security benefits. There is no budget authority impact for civil service annuities which are paid from a trust fund. This action would save \$75 million in DOD retirement costs in 1979 and \$225 million each year after that. Total agency savings of \$150 million in 1979 and \$525 million in 1980 could be achieved.

Correct an overpayment in computing General Schedule salaries. Correct a technical flaw in the formula for converting annual General Schedule salaries to the hourly rates which are used to determine bi-weekly rates. There are 2,087 work hours in an average work year, not the 2,080 (52 weeks x 40 hours) currently used. 2,087 is derived by dividing 365.25 (number of days in an average year, including leap year) by 7. This results in 52.178 work weeks in an average work year, which multiplied by 40, results in 2,087 work hours in an average work year. Each year, roughly 1.4 million GS employees, whose salaries average \$17,000 annually, are paid approximately \$57.80 more than the annual rates published in the General Schedule. \$81 million annually could be saved if legislation were enacted to correct this technical flaw. Added savings will result from benefits and premium pays that are based on hourly rates. Similar conversion formulas may be characteristic of other statutory pay systems.

Budget Examiner: Howard

Telephone: 3554

1979 Budget Reductions
Department of Defense

Defense contracting efficiencies (other than supplies/materials)

Nature of actions:

Substantive (affecting program) _____

Operational (affecting way
programs are carried out) X

Type of action required:

Rescission proposal _____

Deferral proposal _____

Other legislation _____

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review):

		(\$ billions)		
	1979			
	Base Total	1979	1980	1981
BA	55.0	-.6	-1.0	-1.0
Outlays	43.0	-.1	-.4	-.8

Suggested action:

Reduce the cost of Defense contracting by 1% in 1979 and 2% in 1980 through managerial efficiencies.
Specific actions would include:

- Eliminate abnormal escalation provisions in future contracts under which the government reimburses contractor for inflation costs that exceed those estimated during contract negotiation. About \$5B in Defense contracts containing escalation clauses were awarded in FY 1977.

- . Anticipate increased contractor productivity of 1-2% each year on all future contracts as a partial offset to inflation.
- . Reduce funding of capital equipment, machine tool upgrade, and "productivity enhancements," relying more on competitive pressures to encourage industry rather than continuing to provide government funding for such items.
- . Savings in military construction from anticipated cost escalation which has not materialized.

CORPS OF ENGINEERS

Budget Examiner: P. Crabtree
Telephone: 395-3750

1979 Budget Reductions

Department of the Army, Corps of Engineers - Civil

Name of affected program Construction and Real Estate Management in Corps of Engineers Districts

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	_____	Rescission proposal	_____	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	_____	
Operational (affecting way programs are carried out)	X	Other legislation	_____	
		Administrative action	X	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in Millions)		
	<u>Base</u> <u>Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
DA.....	180	-3	-5	-5
Outlays.....	180	-3	-5	-5

Suggested action

Consolidate construction and real estate management functions in COE districts. Consolidation would continue and accelerate consolidations already underway or under consideration within the Corps. Approximately 8 to 10 districts with low or projected low construction workloads would have these functions transferred to districts with higher activity, leading to long-term overall personnel and overhead savings. The main reason this has not been done to a large extent in the past, is congressional resistance in losing areas.

July 7, 1978

Budget Examiner: Tom Skirbunt
Telephone: 395-3750

1979 Budget Reductions

Department of the Army
Corps of Engineers-Civil

of affected program Corps of Engineers Recreation Use Fees

<u>re of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
stantive (affecting program)	_____	Rescission proposal	_____	Note: If two or more kinds of actions are needed, identify dollar amount for each
erational (affecting way	_____	Deferral proposal	_____	
programs are carried out)	X	Other legislation	X	
		Administrative action	_____	

et effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	1979	1980	1981
.....	3,300	0	0	0
lays.....	3,500	-2,400	-2,400	-2,400

ested action

Introduce legislation which would permit the Corps to charge a minimum fee of \$1 per night, per family, at all of its campsites.

The Corps of Engineers manages 2,183 recreation areas at its projects throughout the country, of which 1,020 have campsites. By law the Corps can charge recreation fees only for camping and their fees are regulated by the degree to which services are available to the campers. Fees charged range from \$1 - 4 per night, per family. At 473 of these

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areas no fee is currently charged because only minimal facilities are provided. The Corps collected \$3.4 Million in fees in FY 1977 and estimate collections to be \$3.6 Million in FY 1978 and \$4.0 Million in FY 1979.

It is estimated that by introducing a minimum fee charge at all Corps campsites an additional \$2.4 Million in revenues would be generated annually. This would have a budgetary effect of reducing outlays by an equivalent amount each year.

Budget Examiner: E. Carlson
Telephone: 395-3705

1979 Budget Reductions

Department of the Army,
Corps of Engineers-Civil

Name of affected program Stream Bank Erosion Control, Demonstration and Evaluation Program

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal		
Operational (affecting way programs are carried out)		Other legislation		
		Administrative action		

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	(\$K) 1979	1980	1981
BA.....	6,500	-6,500	-6,500	-6,500
Outlays.....	6,500	-6,500	-6,500	-6,500

Suggested action

Program consists of development of new methods and techniques for bank protection, research on soil stability and identification of causes of erosion. Essentially, the Corps of Engineers is looking for new low-cost techniques to control this problem. We believe this is low priority use of Federal funds for a function performed by private interests and other Federal agencies.

We recommend that this program be terminated.

July 7, 1978

Budget Examiner: E. Carlson
Telephone: 395-3705

1979 Budget Reductions
Department of the Army,
Corps of Engineers-Civil

Name of affected program Passamaquoddy Tidal Power Study, Maine

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u> X </u>	Rescission proposal	<u> X </u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
		Other legislation	<u> </u>	
		Administrative action	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>			

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$K) <u>1979</u>	<u>1980</u>	<u>1981</u>
RA.....	625	-625	-625	-625
Outlays.....	625	-625	-625	-625

Suggested action

Since Roosevelt's time, the Corps of Engineers has been studying the production of hydropower at Passamaquoddy Bay, Maine. There is no reasonable expectation that a project will be built because of economic and environmental deficiencies. The study should be terminated now. Ultimate savings \$2.4 Million.

July 7, 1978

Budget Examiner: E. Carlson

Telephone: 395-3705

1979 Budget Reductions

Department of the Army
Corps of Engineers-Civil

Name of affected program Institute for Water Resources

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
		Other legislation	<u> </u>	
		Administrative action	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>			

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	1979 (\$K)	1980	1981
BA.....	1,500	-1,500	-1,500	-1,500
Outlays.....	1,500	-1,500	-1,500	-1,500

Suggested action

This Institute was originally proposed to promote planning guides and to develop new institutional, physical or socio-economic concepts in meeting long-range or regional obligations of the Corps of Engineers. It was also to provide consultant and problem solving services to field offices. For several years we have perceived no inter-action between the Institute and Corps, at large, as the Institute has become increasingly involved in abstruse research.

The Institute should be abolished.

July 7, 1978

Budget Examiner: Ernie Carlson
Telephone: 395-3705

1979 Budget Reductions

Department of the Army
Corps of Engineers- Civil

Name of affected program

Stream Bank Protection Works

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>	
		Administrative action	<u> </u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in Thousands)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	3,900	-1,950	-3,900	-3,900
Outlays.....	3,900	-1,950	-3,900	-3,900

Suggested action

The Corps of Engineers has authorization for emergency construction, repair, restoration and modification of stream bank and shoreline protection work to prevent damage to highways, bridge approaches, public works, churches, hospitals, schools, and other non-profit public services. Individual actions can cost no more than \$250K.

We recommend that the program be terminated in favor of State and local action.

July 7, 1978

Budget Examiner: Ernie Carlson
Telephone: 395-3705

1979 Budget Reductions
Department of the Army
Corps of Engineers-Civil

Name of affected program Small Recreation Boat Harbors

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X 1/</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal		
Operational (affecting way programs are carried out)		Other legislation	<u>X 2/</u>	
		Administrative action		

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in Thousands)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	12,000	-6,000	-12,000	-12,000
Outlays.....	12,000	-6,000	-12,000	-12,000

Suggested action

The Corps of Engineers constructs and maintains recreation boat harbors around the country and in the coastal and Great Lake Areas. We believe this is an inappropriate use of Federal funds. Authorization to build, and operation and maintenance should be terminated.

1/ \$12 million in 1979

2/ Legislation would be needed to deauthorize maintenance on projects costing on the order of \$100 M over an eight year period.

July 7, 1978

Budget Examiner: E Carlson

Telephone: 395-3705

1979 Budget Reductions

Department of the Army
Corps of Engineers-Civil

name of affected program Flood Control and Coastal Emergency Program

<u>nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Note: If two or more kinds of actions are needed, identify dollar amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$K) <u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	20,000	-10,000	--	--
Outlays.....	19,800	0	--	--

Suggested action

The Flood Control and Coastal Emergency program carried out by the Corps of Engineers is designed to carry out flood fighting efforts in time of National disaster. Minimal flood emergencies have occurred this Spring, hence a higher than normal carry over of budget authority from 1978 into 1979 will result, decreasing new budget authority requirements in 1979.

We recommend that funds for flood fighting proposed for this year be decreased; funds, if necessary can be provided from the Corps' construction accounts to meet any extraordinary needs for 1979.

July 7, 1978

Budget Examiner: P. Crabtree

Telephone: 395-3750

1979 Budget Reductions

Department of the Army
Corps of Engineers - Civil

Name of affected program Corps of Engineers, District and Division Office Staffing

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	<input type="checkbox"/>	Rescission proposal	<input type="checkbox"/>
		Deferral proposal	<input type="checkbox"/>
Operational (affecting way programs are carried out)	<input checked="" type="checkbox"/>	Other legislation	<input type="checkbox"/>
		Administrative action	<input checked="" type="checkbox"/>

Note: If two or more kinds of actions are needed, identify dollar amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in Millions)		<u>1981</u>	<u>1982</u>
		<u>1979</u>	<u>1980</u>		
BA.....	800	-3	-5	-5	-5
Outlays.....	800	-3	-5	-5	-5

Suggested action

Each District and Division Engineer has about 5 special assistants within his Executive Office performing such tasks as Emergency Operations Officer, EEO, Value Engineering Officer, and Small Business Utilization Advisor. On the assumption that most of these 'special' activities could be performed by regular staff offices (i.e., personnel, public affairs, operations, etc.,) it may be possible to eliminate most of these positions, with resultant long-term savings.

July 7, 1978

Budget Examiner: P. Crabtree
Telephone: 395-3750

1979 Budget Reductions

Department of the Army, Corps of Engineers - Civil

Name of affected program Long Term Training

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
		Other legislation	<u> </u>	
		Administrative action	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>			

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$K) <u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	2,000	-2,000	-2,000	-2,000
Outlays.....	2,000	-2,000	-2,000	-2,000

Suggested action

Defined by the Corps as training in excess of 120 hours, the Corps conducts several programs designed to provide professional training to outstanding Civil Works employees. The bulk of the programs are funded centrally, but some training is conducted by field units of the Corps.

We recommend that this program be eliminated.

July 7, 1978

Budget Examiner: E. Carlson

Telephone: 395-3750

1979 Budget Reductions
Department of the Army
Corps of Engineers-Civil

of affected program Marginal operation and maintenance projects

<u>Type of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	<u> </u>	
		Administrative action	<u> </u>	

Net effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	((\$K) <u>1979</u>	<u>1980</u>	<u>1981</u>
.....	5,000	-2,500	-5,000	-5,000
Delays.....	5,000	-2,500	-5,000	-5,000

Requested action

The Corps operates and maintains navigation facilities that are no longer economically justified because commercial traffic has been diverted to other areas. Several such projects have been identified in 1979 budget process. The Corps was requested to review these projects and make appropriate recommendations for modification or termination by deauthorization. This review should be available in FY 1979.

We recommend that those projects currently being identified by the Corps as marginal should no longer be maintained by the Federal sector but should be a local responsibility.

July 7, 1978

Budget Examiner: Jeanette Gordon
Telephone: 395-3705

1979 Budget Reductions

Department of the Army
Corps of Engineers - Civil

Name of affected program

Transportation for Official Business Purposes

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	_____	Rescission proposal	<u>X</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	_____	
		Other legislation	_____	
Operational (affecting way programs are carried out)	<u>X</u>	Administrative action	_____	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in Thousands)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	787	-42	--	--
Outlays.....	787	-42	--	--

Suggested action

The Corps of Engineers, along with other Federal agencies, is authorized to maintain and purchase a certain number of passenger motor vehicles to provide transportation in accordance with official business.

For FY 1979 the Corps proposes to purchase some 225 passenger motor vehicles. Of these 12(\$42K) will be new vehicles, 213 replacements. We recommend that no new passenger motor vehicles, other than replacements, be purchased by the Corps in FY 1979.

July 7, 1978

Budget Examiner: Tom Skirbunt
Telephone: 395-3750

1979 Budget Reductions

Department of the Interior
Bureau of Reclamation

Name of affected program Geothermal Investigations

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal		
Operational (affecting way programs are carried out)		Other legislation		
		Administrative action		

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in Thousands)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	900	-900	-900	-900
Outlays.....	900	-900	-900	-900

Suggested action

Objective of studies is to determine the feasibility of developing geothermal wellfields for the purpose of supplying a usable supplemental water source in the Colorado River Basin

We recommend that this program be abolished.

July 7, 1978

ENERGY

Budget Examiner: Don Repici

Telephone: X- 4546

1979 Budget Reductions
Department of Energy

Name of affected program:

Production of Enriched Uranium

Nature of action: (check one)

Substantive (affecting program) X

Operational (affecting way
programs are carried out) _____

Type of action required: (check one)

Rescission proposal _____

Deferral proposal X

Other Legislation _____

Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review): (in millions of \$)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	1411	-75	--	--
Outlays	1443	-75	--	--

Suggested action:

Reduce production of uranium enrichment at the gaseous diffusion plants in FY 1979 to reflect reduced needs to preproduce enrichment for stockpile purposes.

Budget Examiner: Don Repici

Telephone: X -4546

1979 Budget Reductions
Department of Energy

Name of affected program :

Magnetic Fusion Research and Development

<u>Nature of action:</u>	(check one)	<u>Type of action required:</u>	(check one)
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
Operational (affecting way programs are carried out)	<u> </u>	Deferral proposal	<u> </u>
		Other Legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):

(In millions of \$)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	334	-21	-5	-5
Outlays	327	-20	-7	-5

Suggested action :

Reduce funding for two component technology activities:

- ° Large magnetic coils: Premature projects have been proposed to develop the next generation of magnetic coils before results of experiments with the current generation are available.
- ° Neutral beam drivers: Proposed efforts to develop larger devices now and to apply them to many of the currently planned experiments are unnecessary as these devices are not needed for most experiments to obtain essential research data and their development and use at this time will not further accelerate commercial development of magnetic fusion technology.

Budget Examiner: Mark Arnold

Telephone: x4525

1979 Budget Reductions
Department of Energy

Name of affected program:

Energy Conservation Grants for Schools and Hospitals

<u>Nature of action:</u>	(check one)	<u>Type of action required:</u>	(check one)
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other Legislation	<u>x</u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in millions)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA	300	-200	--	+200
Outlays*	350	-200	--	+100

*Includes outlay reestimate.

Suggested action :

Submit budget amendment to reduce FY 1979 budget by \$200 million since, due to Congressional delays in passing the National Energy Act, an equivalent amount of unobligated funds will carry forward from FY 1978 and be available for obligation during FY 1979. With this change, total obligations would be \$300 million, the level assumed in the National Energy Plan. Obligations should be held to \$300 million since FY 1979 will be the first year of this new grant program, little preliminary work has been done to prepare for implementation, State and local governments may not identify and limit funding to the most cost-effective projects if more Federal grants are available than planned for FY 1979, and some State and local governments will have difficulty providing the required matching funds if Federal grants exceed \$300 million/year.

HEW

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

HEW -- Salaries & Expenses

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal	<u> x </u>
	Deferral proposal	_____
Operational (affecting way programs are carried out) _____	Other legislation	_____
	Administrative action	<u> x </u>

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	\$236	\$-61	\$-61	\$-61
Outlays.....	224	-58	-61	-61

Suggested action

The Senate Appropriations Subcommittee has recommended that payments to HEW consultants be limited to the 1978 spending level, which is estimated at \$194 million. The Subcommittee recommends that the savings (\$42 million) be reprogrammed or the Administration request a rescission. This proposal would reduce the total of \$194 million for consultants by another 10 percent in 1979, reducing budget authority by \$19 million in addition to the \$42 million associated with the Senate Appropriations Subcommittee recommendation. The proposal assumes the Senate limitation will remain in the bill as it is finally enacted. The Department would distribute the reduction among its agencies. It may be desirable to reduce the 1979 pay supplementals in HEW agencies rather than seek numerous rescissions.

1979 Budget Reductions

Department of Health, Education, and Welfare

Name of affected program:

HEW -- Salaries & Expenses

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal	<u> x </u>
	Deferral proposal	<u> </u>
Operational (affecting way	Other legislation	<u> </u>
programs are carried out) <u> x </u>	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	110	-10	-10	-10
Outlays.....	110	-10	-10	-10

Suggested action

Propose rescissions or negative budget amendments to hold the total HEW travel funds to the 1978 estimated level of \$100 million. It may be desirable to reduce the 1979 pay supplementals for the HEW agencies rather than seek numerous rescissions or budget amendments. The Department would distribute the reduction among its agencies, assuring that priority needs for travel (e.g., enforcement activities, direct provision of health and income maintenance services) are met.

1979 Budget Reductions

Department of Health, Education, and Welfare

Name of affected program:

HEW -- Public Affairs Offices

Nature of action:

Type of action required:

Substantive (affecting program)	<input type="checkbox"/>	Rescission proposal	<input checked="" type="checkbox"/>
		Deferral proposal	<input type="checkbox"/>
Operational (affecting way programs are carried out)	<input checked="" type="checkbox"/>	Other legislation	<input type="checkbox"/>
		Administrative action	<input type="checkbox"/>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	\$14.0	\$-1.4	\$-1.4	\$-1.4
Outlays.....	13.0	-1.3	-1.4	-1.4

Suggested action

A rescission or negative budget amendment would be submitted to eliminate 10 percent of the 350 public affairs positions within the Department of Health, Education, and Welfare. The Department would distribute the reduction of 35 positions and dollars among its agencies. It may be desirable to reduce 1979 pay supplementals for HEW agencies rather than seek numerous rescissions or propose budget amendments.

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

HEW - Wide Grants

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal _____
	Deferral proposal _____
Operational (affecting way _____	Other legislation _____
programs are carried out) <u>x</u>	Administrative action <u>x</u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	54,703	-125	?	?
Outlays.....	54,703	-125	?	?

Suggested action

Wherever the HEW Office of Inspector General finds an audit exception, the next available State or project grant award would be reduced by the amount of the audit exception unless and until the State establishes a valid claim.

1979 Budget Reductions
HEW/OASH

Name of affected program: OASH Program Support and Management

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	_____X_____
		Deferral proposal	_____
Operational (affecting way programs are carried out)		Other legislation	_____
	X_____	Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 Base Total	1979	1980	1981
BA.....	40	-4	-4	-4
Outlays.....	40	-4	-4	-4

Suggested action

Ten percent reduction in program support and management (base of \$40 million in 1979). Reduction of five percent in authorized positions. Elimination of OASH staff activities which duplicate those carried out by individual PHS agencies would result in increased efficiency and savings. In the past, Congress has criticized the continued expansion of OASH staff size. Implementation within HEW of coordinated health statistical and health services research programs would eliminate the continued need to fund duplicative staff responsible for these two activities.

July 20, 1978

1979 Budget Reductions

HEW/ADAMHA

Name of affected program: Research Training Grants in Alcohol, Drug Abuse, and Mental Health (Alcohol, Drug Abuse, and Mental Health Administration) (ADAMHA)

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	19	-6	-12	-19
Outlays.....	19	-1	-6	-16

Suggested action

Phase out ADAMHA research training grants to institutions, while continuing a limited number of fellowships to individuals for which \$5 million is requested in 1979. There is no evidence of a shortage of researchers which would justify special Federal subsidies for this area. Moreover, in view of the potential income of researchers, students may acquire educational support for predoctoral and postdoctoral research training through general educational assistance programs--such as guaranteed student loans administered through the Office of Education.

July 20, 1978

1979 Budget Reductions

HEW/ADAMHA

Name of affected program: Clinical Training Grants in Alcohol and Drug Abuse
(Alcohol, Drug Abuse, and Mental Health Administration)
(ADAMHA)

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way		Other legislation	<u> </u>
programs are carried out)	<u> </u>	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	8	-8	-8	-8
Outlays.....	8	-2	-8	-8

Suggested action

Eliminate institutional grants for training programs related to alcoholism and drug abuse. Support to the States for training in these areas is more effective and appropriate than support to institutions. In 1979, \$6 million in Federal support to States for alcohol and drug abuse training is requested for the National Drug Abuse Training Center (NDATC)--which develops training materials--and the State Training Support Program--which provides direct financial assistance to States in developing their own training capabilities.

Alcoholism, alcohol abuse and other types of substance abuse should, however, be covered in the NDATC and State Training Support Programs training materials and programs. In addition, training in these areas can be supported by the States through Title XX program.

July 20, 1978

1979 Budget Reductions
HEW/ADAMHA

Name of affected program: Mental Health Clinical Training (Alcohol, Drug Abuse, and
Mental Health Administration) (ADAMHA)

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	54	-54	-36	-30
Outlays.....	54	-5	-50	-30

Suggested action

Phase out the current Federal support to institutions for training programs in the "core" mental health disciplines--psychiatry, psychology, psychiatric social work and nursing. This support is largely channeled through institutions generally, rather than awarded directly to students on the basis of financial need which is a more equitable mechanism for Federal educational subsidies. Students in mental health professions training programs may apply for needs-based guaranteed student loans through the Office of Education.

The Report of the President's Commission on Mental Health, however, recommends increasing the funding level for mental health clinical training from \$68 million in 1979 to \$85 million in 1980. Approximately a dozen new initiatives are recommended to replace the old, untargeted institutional grants for the four "core" disciplines. Thus, if the new programs were initiated, funds would be redirected and limited or no savings would result.

July 20, 1978

1979 Budget Reductions
HEW/ADAMHA

Name of affected program: Alcohol, Drug Abuse, and Mental Health: Program Management

Nature of action:

Type of action required:

Substantive (affecting program)	<input type="checkbox"/>	Rescission proposal	<input checked="" type="checkbox"/>
		Deferral proposal	<input type="checkbox"/>
Operational (affecting way programs are carried out)	<input checked="" type="checkbox"/>	Other legislation	<input type="checkbox"/>
		Administrative action	<input type="checkbox"/>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	68	-7	-7	-7
Outlays.....	64	-1	-6	-7

Suggested action

Reduce program management in 1979 by 10%. Centralization of three planning and three grant and contract review units from the three institutes into one unit for each activity in the central ADAMHA Office of the Administrator should result in increased efficiency and in savings. A 5% reduction in authorized positions--from 1,893 to 1,798, a decrease of 95--is assumed. Reductions in travel expenditures are also assumed.

July 20, 1978

1979 Budget Reductions
HEW/CDC

Name of affected program: Influenza Immunization Grants

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	20	-20	-20	-20
Outlays.....	12	-12	-20	-20

Suggested action

This program is designed to immunize persons who are particularly vulnerable to influenza complications because of advanced age or chronic illnesses. We recommend a rescission of this budget authority. The potential Federal liability in such a program--as has occurred with swine flu--makes this a questionable area for continued Federal involvement. The \$135 million swine flu program of 1976 has already generated liability claims of \$775 million against the Federal Government.

July 20, 1978

1979 Budget Reductions
HEW/HRA

Name of affected program: Health Planning

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way		Other legislation	<u> </u>
programs are carried out)	<u> </u>	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	152.3	-152.3	-152.3	-152.3
Outlays.....	150.0	-150.0	-152.3	-152.3

Suggested action

Upon enactment of the 1979 Labor-HEW appropriations bill, propose a rescission to eliminate this activity. This program is designed to contain costs, improve the quality and delivery of health services and prevent duplication of services. It is questionable whether this program--which separates cost-control responsibilities of the States from regional planning recommendations--will be any more successful than past national health planning efforts funded at nearly \$1 billion between 1965 and 1975. It is not apparent--based on results to date--that health planning can help hold down costs in any significant way.

July 20, 1978

1979 Budget Reductions
HEW/HRA

Name of affected program: HRA Program Support and Management

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	<u>X</u>
		Deferral proposal	_____
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	_____
		Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	33	-3	-3	-3
Outlays.....	33	-3	-3	-3

Suggested action

Ten percent reduction in program support and management (base of \$33 million in 1979). Five percent reduction in authorized positions. Centralization of staff functions in the central HRA office, rather than continuing such activities in the individual health manpower and health planning bureaus, would increase efficiency and reduce need for duplicative administrative support.

July 20, 1978

1979 Budget Reductions
HEW/HRA

Name of affected program: Area Health Education Centers

Nature of action:

Type of action required:

Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)		Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	18	-18	-18	-18
Outlays.....	9	-9	-18	-18

Suggested action

This program was established to demonstrate the feasibility of decentralizing physician training and services in rural areas. The need for such demonstrations no longer exists, and the funding for these centers should be assumed by the States served. We recommend a rescission of the budget authority.

July 20, 1978

1979 Budget Reductions
HEW/HRA

Name of affected program: Health Professions Capitation

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way		Other legislation	<u> </u>
programs are carried out)	<u> </u>	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	67	-67	-67	-67
Outlays.....	67	-67	-67	-67

Suggested action

We recommend a rescission of the budget authority for capitation grants. These grants provide Federal subsidies to health professions schools in return for increased primary care training. These grants have become essentially institutional subsidy/tuition replacement mechanisms, while the statutory goals for primary residency training levels have been reached. Rather than continuing to subsidize institutions, Federal support for health professions training should be targeted towards service-commitment programs that provide student support and address geographic and specialty maldistribution.

July 20, 1978

1979 Budget Reductions

HEW/HRA

Name of affected program: Medical Facilities Construction Loan and Loan Guarantee Program

Nature of action:

Type of action required:

Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)		Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979*			
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	(250)	--	--	--
Outlays.....	--	(-50)	(-100)	(-100)

Suggested action

*Does not appear in 1979 Midsession Base, since the \$250 million available in 1979 is three-year money appropriated in 1977 which remains unobligated due to HEW's failure to publish required regulations. This program supports hospital construction through direct loans, loan guarantees and interest subsidies. The Federal liability under this program for loan guarantees and interest subsidies will total \$1.8 billion by 1979. Given the current excess of hospital beds in the United States, further Federal support for hospital construction is contrary to resolution of the issues addressed by the Administration's hospital cost control legislation. To prevent further excess bed expansion, the \$250 million available in 1979 for hospital construction loans and loan guarantee should be rescinded.

July 20, 1978

1979 Budget Reductions
HEW/HSA

Name of affected program: Migrant Health, Administrative Expenses

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	<u>X</u>
		Deferral proposal	_____
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	_____
		Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	35	-2	-2	-2
Outlays.....	34	-2	-2	-2

Suggested action

Combine the Migrant Health program with the Community Health Center program (CHC) for administrative purposes, thus saving \$2 million and 55 positions for Migrant Health program management. The Migrant Health project model is similar to the Community Health Center model to the point where migrant health could be managed easily by the Community Health Center program.

July 20, 1978

1979 Budget Reductions
HEW/HSA

Name of affected program: Health Underserved Rural Areas (HURA)

Nature of action:

Type of action required:

Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)		Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	15	-15	-15	-15
Outlays.....	15	-15	-15	-15

Suggested action

The activities carried out under the HURA program can be, and in some instances are, carried out under the Community Health Centers (CHCs) program. CHC is a project grant program designed to provide health care services to communities with substantial portions of their populations classified as poor, aged or with high instances of infant mortality. The scope of CHC is such that it could serve that population currently served by the HURA activity.

July 20, 1978

1979 Budget Reductions
HEW/HSA

Name of affected program: Emergency Medical Services

Nature of action:

Type of action required:

Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>
		Deferral proposal	<u> </u>
Operational (affecting way		Other legislation	<u> </u>
programs are carried out)	<u> </u>	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	43	-3	-3	-3
Outlays.....	42	-3	-3	-3

Suggested action

This action would eliminate the burn research portion of the EMS program. The program duplicates efforts of the NIH, particularly NIGMS, which allocated \$6 million to this effort in 1978 and \$7 million in 1979. No increase in funding is proposed for NIH as a result of this reduction.

July 20, 1978

1979 Budget Reductions
HEW/NIH

Name of affected program: Biomedical Research Support Grants (BRSG)

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	40.6	-40.6	-40.6	-40.6
Outlays.....	40.0	-40.3	-40.5	-40.6

Suggested action

Upon enactment of a 1979 Labor-HEW appropriations bill, propose to rescind the funds for this program. These funds are provided to institutions engaged in biomedical or behavioral research to support a broad range of purposes. These institutions tend to view these funds as assistance for unbudgeted needs, especially with regard to equipment. Costs such as these should be absorbed by these institutions either through the regular National Institutes of Health grant processes or through the institutions own funds, without recourse to funds like BRSG.

July 20, 1978

1979 Budget Reductions
HEW/HCFA

Name of affected program: Medicare

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way programs are carried out)		Other legislation	_____
	<u>X</u>	Administrative action	<u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	31,848	--	--	--
Outlays.....	29,519	-20	-40	-40

Suggested action

Reduce Medicare Supplementary Medical Insurance (SMI) contractors' budget by 10 percent. HCFA studies show a wide variation in contractors' unit costs. The variation is partly a function of contractor efficiency and partly a function of economies of scale. Substantial sums could be saved by reallocating contracts to lower cost contractors. In the two situations where HCFA has let contracts by competitive bid under experimental authority, savings were significant under the new contract. In the most recent case, projected costs were \$16 million a year lower.

July 20, 1978

1979 Budget Reductions
HEW/HCFA

Name of affected program: Medicare

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way		Other legislation	<u> </u>
programs are carried out)	<u> </u>	Administrative action	<u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	31,848	--	--	--
Outlays.....	29,519	-60	-291	-340

Suggested action

Eliminate 8 1/2% nursing differential paid by Medicare to hospitals. There is no evidence to support the existence of this differential, which is based on the idea that Medicare patients require more nursing care than other patients and thus should pay a greater share of a hospital's nursing costs than their actual days of care would warrant. The Medicare program initiated this differential in the early days of the program. It tried to rescind it later but was sued and enjoined from doing so until it had evidence to show that the differential was inappropriate. For this reason, achievement of these savings would require initiation and completion of a study showing the differential is inappropriate.

July 20, 1978

1979 Budget Reductions
HEW/HCFA

Name of affected program: Medicare and Medicaid

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)		Other legislation	<u> X </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Medicare--BA.....	31,848	--	--	--
Outlays.....	29,519	-25	-30	-30
Medicaid--BA.....	11,863	-5	-10	-10
Outlays.....	11,863	-5	-10	-10

Suggested action

Reduce allowable compensation for radiologists and pathologists to appropriate levels by outlawing excessive compensation as a result of percentage or contract arrangements.

July 20, 1978

1979 Budget Reductions
HEW/HCFA

Name of affected program: Medicare and Medicaid

Nature of action:

Type of action required:

Substantive (affecting program)	<u>x</u>	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way		Other legislation	_____
programs are carried out)	_____	Administrative action	<u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Medicare--BA.....	31,848	--	--	--
Outlays.....	29,519	-36	-42	-49
Medicaid--BA.....	11,863	-13	-14	-14
Outlays.....	11,863	-13	-14	-14

Suggested action

Reduce unnecessary x-rays 10 percent. The FDA has estimated that unnecessary x-rays cost over \$2 billion a year and are bad for the health of millions of Americans. This is the kind of problem the PSRO program was set up to deal with and should be able to deal with effectively with adequate direction from HCFA. Achieving these savings will require a more aggressive attack on this problem by the PSRO program and the fiscal intermediaries. Regulations, e.g., no payments for routine preadmission x-rays, might also be needed.

July 20, 1978

1979 Budget Reductions
HEW/HCFA

Name of affected program: Medicaid and Medicare

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way programs are carried out)		Other legislation	<u>X</u>
		Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Medicaid--BA.....	11,863	--	--	--
Outlays.....	11,863	-14	-16	-18
Medicare--BA.....	31,848	--	--	--
Outlays.....	29,519	-6	-7	-8

Suggested action

Institute a program of civil money penalties for program abusers. Such a program would set up an administrative hearing procedure for suspected abusers of the Medicaid and Medicare program with civil money penalties for violators. At present, such violators cannot be prosecuted unless fraud is clearly involved, and the Justice Department's limited resources have permitted prosecution of only the most serious cases. The estimates of program savings are based on a few similar programs carried on by the States and are net of administrative costs.

July 20, 1978

1979 Budget Reductions
Department of Health, Education and Welfare
Office of Education

Name of affected program:

Salaries and Expenses

(Check
one)

Nature of action:

Type of action required:

Substantive (affecting program) _____

Rescission proposal X

Deferral proposal

Operational (affecting way
programs are carried out) X

Other legislation

Administrative action

Note: If two or
more kinds of
actions are needed,
identify dollar
amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	127.166	-6.505	---	---
Outlays.....	126.000	-6.505	---	---

Suggested action

Reduce the Salaries and Expenses account by \$1 million and require OE to send applications through the mails to be read by field readers rather than bring readers to Washington. Reduce the travel budget by \$504,880, thereby reducing attendance at conferences from 15 percent of the travel budget to 8 percent. Reduce funds for permanent positions by \$5 million to delete some of the funds not needed because Office of Education onboard strength is generally 10 percent below the budgeted ceiling.

The Department will claim that readers must be brought to Washington for conferences concerning proposals. They will not be able to show why other agencies successfully use the mail method and the Office of Education cannot. They will also not be able to show why telephone conferences, where needed, will not suffice.

1979 Budget Reductions
Department of Health, Education, and Welfare
Office of Education

Name of affected program:

Student Financial Aid: National Direct Student Loan

(Check
one)

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal _____
	Deferral proposal _____
Operational (affecting way _____	Other legislation <u> X </u>
programs are carried out) <u> x </u>	Administrative action _____

Note: If two or more kinds of actions are needed, identify dollar amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	<u>1979</u> <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	286	-12	-12	-12
Outlays.....	310	-1	-11	-12

Suggested action

Submit a negative budget amendment to reduce administrative expenses to institutions and revise Section 493 of Subpart 1, Part F of Title IV of the Higher Education Act of 1965, as amended. This section permits institutions to use up to 4 percent of the principal amount of loans made during the fiscal year for dissemination of student aid information and for administrative expenses. The proposed action would reduce the percent available for use for administrative expenses from 4 percent to 2 percent. The action should stimulate institutions to reduce their loan default rates (average: 17 percent and several in excess of 50 percent). The more funds they collect coupled with their part of the annual appropriation, the greater will be the amount available for administrative expenses.

1979 Budget Reductions
Department of Health, Education, and Welfare

Name of affected program:

Payments to the Social Security Trust Funds - Military Service Credits

Nature of action:

Type of action required:

Substantive (affecting program)	<u> x </u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> x </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	526	--	-1	-1
Outlays.....	526	--	-1	-1

Suggested action

Military service persons receive wage credits of \$300 a quarter above their actual salaries for social security coverage purposes if their current salaries are below the social security wage base. This provision was enacted in 1976 using the rationale that military pay was low but in-kind benefits were available and the noncontributory wage credits covered the value of these in-kind benefits and would improve survivors benefits. This logic is outdated since the end of the draft and the beginning of higher military wages. We recommend substantive legislation to eliminate noncontributory wage credits after March 31, 1979. This recommendation results in general fund savings and a reduction in defense personnel costs which are budgeted for in HEW.

1979 Budget Reductions
Department of Health, Education, and Welfare

Name of affected program:

Old-Age and Survivors Insurance and Disability Insurance Program

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal _____
	Deferral proposal _____
Operational (affecting way _____	Other legislation _____
programs are carried out) <u>X</u>	Administrative action <u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 Base Total	1979	1980	1981
BA.....	102,432	--	--	--
Outlays.....	104,121	-35	-160	-180

Suggested action

The Social Security Administration currently rounds monthly social security benefit checks up to the nearest 10 cents whenever adjustments (e.g., cost-of-living increases) are necessary. This results in an average monthly added cost of 5 cents per beneficiary (34 million people) per month. We recommend substantive legislation to base monthly benefits on beneficiaries' original primary insurance amount (i.e., original unreduced benefit level to which they were entitled), as adjusted by the annual cost-of-living increases, without the monthly check rounding.

1979 Budget Reductions
Department of Health, Education, and Welfare

Name of affected program:

Old-Age and Survivors Insurance and Disability Insurance Programs

Nature of action:

Type of action required:

Substantive (affecting program)	_____	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way		Other legislation	<u> X </u>
programs are carried out)	<u> X </u>	Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	102,432	---	---	---
Outlays.....	104,121	-5	-35	-75

Suggested action

In calculating social security benefits, the five years of lowest wages are excluded or "dropped" in determining a worker's average lifetime earnings. The benefit is then based on this average. Originally, these five "drop-years" were used to mitigate worker's short social security work histories, especially as new groups of workers were brought under social security. Much of the rationale for drop-years has disappeared as the last major group of workers blanketed into the social security system was in 1965, the averaging period is extending to 40 years, and the drop-years exclusion is providing a windfall to those who have zero-earnings years for social security purposes because they worked in non-covered employment (e.g., Federal government employee). We recommend substantive legislation with an effective date of July 1, 1979.

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

Old-Age Survivors&Disability Insurance Beneficary Rehabilitation Program

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way		Other legislation	_____
programs are carried out)	_____	Administrative action	<u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	103	-18	-18	-18
Outlays.....	103	-18	-18	-18

Suggested action

Through apportionment action maintain the currently apportioned FY 1978 program level in recognition of GAO's finding that many individuals served did not meet the SSA promulgated special selection criteria and the availability of the larger Rehabilitation Act Basic State Grant funds with a mandated priority to serve the severely disabled.

7/20/78

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

Special Benefits for Disabled Coal Miners (Part B)

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way		Other legislation	_____
programs are carried out)	_____	Administrative action	<u>X</u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	1,107	-55	-110	-170
Outlays.....	995	-55	-110	-170

Suggested action

No longer index the Part B, general revenue financed Black Lung benefits to increases in Federal wages. In cases where coal miners had contracted black lung, this general fund program provides gratuitous benefits unrelated to prior earnings, current circumstances, or other benefits received by former coal miners and their dependents or survivors. Black lung beneficiaries typically receive additional Federal benefits -- 80% also receive Social Security -- plus State and private benefits, and are better off than many other similarly situated workers and their dependents or survivors.

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

Special Benefits for Disabled Coal Miners (Part B)

Nature of action:

Type of action required:

Substantive (affecting program)	<u>x</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)		Other legislation	<u> x </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	1,107	-50	-50	-50
Outlays.....	995	-50	-50	-50

Suggested action

Offset Black Lung benefits by 50 cents for each dollar received from other Federal or State disability or workers compensation benefits. Part B black lung benefits are gratuitous benefits intended to assist disabled workers and their dependents or survivors lacking other forms of coverage. Having disabled workers receive a multitude of uncoordinated disability-based benefits is not equitable since other, similarly situated workers are without coverage.

7/20/78

1979 Budget Reductions

7/20/78

Department of Health, Education, and Welfare

Name of affected program:

Supplemental Security Income

Nature of action:

Type of action required:

Substantive (affecting program) <u>x</u>	Rescission proposal	<u> </u>
	Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	Other legislation	<u> x </u>
	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	5,558	50*	100*	160*
Outlays.....	5,482	50*	100*	160*

Suggested action

Increase SSI benefits by the annual CPI increase excluding the medical component. SSI beneficiaries receive Medicaid which pays their health care costs. SSI beneficiaries would receive increases tied to actual increases in their cost-of-living, rather than from both inflated health care and Medicaid costs.

* The savings compound annually, and exclude an estimated \$25 million in FY 1979 Medicaid savings due to fewer eligibles.

7/20/78

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

Supplementary Security Income

Nature of action:Type of action required:

Substantive (affecting program) <u>X</u>	Rescission proposal	<u> </u>
	Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	Other legislation	<u> </u>
	Administrative action	<u> X </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	56	-56	-56	-56
Outlays.....	56	-56	-56	-56

Suggested action

Terminate SSI funding of the Beneficiary Rehabilitation Program (BRP). This program duplicates authority in the Rehabilitation Act's Basic State Grant and Innovation and Expansion Programs. Preliminary GAO audit findings suggest BRP is not cost effective, returning less than 80¢ on the dollar.

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

Supplementary Security Income

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way		Other legislation	<u> X </u>
programs are carried out)	<u> </u>	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	45	-45	-45	-45
Outlays.....	45	-45	-45	-45

Suggested action

End the special subsidy payments to Wisconsin, Massachusetts, and Hawaii. Hold-harmless payments were originally intended to protect States from increased costs when SSI federalized State old aged, blind and disabled programs in 1974. Increased Federal benefits phased-out hold harmless payments for all but three States by 1976. Special interest legislation passed shortly before the Presidential election requires the Federal Government to pay these three States for hold harmless costs they no longer incur.

1979 Budget Reductions
Department of Health, Education, and Welfare

7/20/78

Name of affected program:

Aid to Families with Dependent Children,
Supplemental Security Income and Food Stamps

Nature of action:

Type of action required:

Substantive (affecting program)	<u>x</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> x </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	18,183	-125	-125	-125
Outlays.....	18,140	-125	-125	-125

Suggested action

Require uniform monthly retrospective reporting for all three programs. This will permit more efficient administration and lay much ground work for eventual welfare reform that could consolidate or make more consistent these programs that serve the income assistance needs of the poor.

1979 Budget Reductions
Department of Health, Education, and Welfare

7/20/78

Name of affected program:

Social Security Administration:
AFDC

Nature of action:

Type of action required:

Substantive (affecting program) _____	Rescission proposal _____
	Deferral proposal _____
Operational (affecting way _____	Other legislation _____
programs are carried out) _____	Administrative action _____

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	6846	-400	-425	-450
Outlays.....	6832	-400	-425	-450

Suggested action

Prohibit the reimbursement of the States for AFDC payments made in excess of legal needs (i.e. overpayments or payments to ineligible recipients). Error rates would be determined under the present quality control program.

7/20/78

1979 Budget Reductions
Department of Health, Education, and Welfare

Name of affected program:

Social Security Administration
AFDC: Child Support Enforcement

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u>X</u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	6846	-17	-37	-57
Outlays.....	6833	-17	-37	-57

Suggested action

Step down the present 75% matching rate for State administrative costs by 5 percentage points each year, beginning in 1979, until a 50% rate is reached. The 50% rate is consistent with the matching rate for related AFDC administrative costs and will encourage States to control administrative costs more tightly as their financial participation increases.

7/20/78

1979 Budget Reductions
Department of Health, Education, and Welfare

Name of affected program:

Social Security Administration
AFDC: Emergency Assistance

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	6846	-34	-34	-34
Outlays.....	6833	-34	-34	-34

Suggested action

Eliminate the existing emergency assistance program carried out under Title IV of the Social Security Act in which only a minority of States participate in and which has been criticized by GAO. Rely on States to meet emergency needs according to their own criteria and on the Administration's proposed emergency assistance program of national scope.

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

Office of Human Development Services - Salaries & Expenses

Nature of action:

Type of action required:

Substantive (affecting program)	<input type="checkbox"/>	Rescission proposal	<input type="checkbox"/>
		Deferral proposal	<input type="checkbox"/>
Operational (affecting way programs are carried out)	<input checked="" type="checkbox"/>	Other legislation	<input type="checkbox"/>
		Administrative action	<input checked="" type="checkbox"/>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	69	-2	-2	-2
Outlays.....	66	-1	-2	-2

Suggested action

Reduce program management and associated overhead costs by 3% in 1979. Office of Human Development Services has traditionally operated below its authorized personnel ceiling. Recent internal OHDS reorganizations should increase management efficiencies so as to minimize a negative effect of the recommended hiring freeze on program operations. The 1,975 authorized positions for OHDS would be reduced by 59. The administrative actions would include limiting or not allowing the 1979 pay raise supplemental.

7/20/78

1979 Budget Reductions

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Name of affected program:

Office of Human Development Services -- Runaway Youth

Nature of action:

Type of action required:

Substantive (affecting program) <u>X</u>	Rescission proposal <u>X</u>
	Deferral proposal <u> </u>
Operational (affecting way programs are carried out) <u> </u>	Other legislation <u> </u>
	Administrative action <u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review): (\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	11	-4	-8	-11
Outlays.....	11	-2	-6	-11

Suggested action

Upon enactment of the 1979 Labor/HEW Appropriations Bill, propose a rescission. This program aimed at "status offenders" duplicates programs and activities of the Department of Justice (LEAA). Recent proposals to modify the LEAA programs could accommodate the inclusion of this HEW program's mission under the LEAA discretionary activities as authorized by the Juvenile Justice and Delinquency Prevention Act (Title II). However, we would phase out the HEW program over a three year period by reducing the HEW budget request by one-third annually and shifting project extension proposals to the Department of Justice.

7/20/78

1979 Budget Reductions
Department of Health, Education, and Welfare

Name of affected program:

Office of Human Development Services
Child Welfare Training

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>
		Deferral proposal	<u> </u>
Operational (affecting way		Other legislation	<u> </u>
programs are carried out)	<u> </u>	Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	9	-9	-9	-9
Outlays.....	9	-9	-9	-9

Suggested action

Eliminate this categorical training program and rely instead on general national programs of assistance (such as BEOGS) that are based on student need.

7/20/78

1979 Budget Reductions
Department of Health, Education, and Welfare

Name of affected program:

Office of Human Development Services:
Title XX Social Services

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)		Other legislation	<u> X </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	2993	-50	-50	-50
Outlays.....	2972	-50	-50	-50

Suggested action

Reduce the matching for the special child day care add-on and for family planning to the 75% rate prevailing for other Title XX services. This will simplify administration for HEW and the States, and eliminate incentives for the States to manipulate funding sources across programs for similar activities.

1979 Budget Reductions
Department of Health, Education, and Welfare

7/20/78

Name of affected program:

Office of Human Development Services
Title XX Social Services: Urban Initiative

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> X </u>
		Administrative action	<u> </u>

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	2993	--	-140	-145
Outlays.....	2972	--	-140	-145

Suggested action

Eliminate the Title XX urban initiative proposal after 1979 and rely instead on existing regular programs to meet the problems of areas of special need.

1979 Budget Reductions
Department of Health, Education, and Welfare

7/20/78

Name of affected program:

Office of Human Development Services
Social Services: State and local training

Nature of action:

Type of action required:

Substantive (affecting program)	<u>X</u>	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way programs are carried out)		Other legislation	<u>X</u>
		Administrative action	_____

Budget effect (Change from Presidential proposals in Mid-Session Review):
(\$ in millions)

	1979 <u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	2993	--	-5	-10
Outlays.....	2972	--	-5	-10

Suggested action

Increase the Title XX social services ceiling to include State and local training at the expected 1979 expenditure level, and thereby terminate the open-ended character of this activity. This will encourage States to administer their training activities more closely and concentrate on their highest priority needs.

HUD

Budget Examiner: McQuaid
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: Public Housing Operating Subsidies

Nature of action: (Check one)

Type of action required: (Check one)

Substantive (affecting program) X

Rescission proposal

Note: If two or more kinds
of actions are needed,
identify dollar amount
for each.

Operational (affecting way
programs are carried out)

Deferral proposal

Other legislation

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Thousands):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Budget authority.....	729,000	-26,000	-29,000	-32,000
Outlays.....	686,000	-6,000	-20,000	-29,000

Suggested action

Reduce the Federal share of additional energy costs incurred from 75 percent to 50/50 cost sharing to give public housing authorities (PHA's) a greater incentive to conserve energy. A set of energy conservation standards would be applied to PHA operations to save energy and reduce costs. The reduced Federal energy cost share and energy conservation standards are assumed to save 5 percent of utility-related costs, which currently account for 31 percent of all PHA costs.

July 17, 1978

Budget Examiner: McQuaid
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: Public Housing Operating Subsidies

Nature of action: (Check one)

Type of action required: (Check one)

Substantive (affecting program) ☐

Rescission proposal ☐

Note: If two or more kinds
of actions are needed,
identify dollar amount
for each.

Operational (affecting way
programs are carried out) ☒

Deferral proposal ☐

Other legislation ☐

Administrative action ☒

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Thousands):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Budget authority.....	729,000	-24,000	-28,000	-33,000
Outlays.....	729,000	-12,000	-24,000	-30,000

Suggested action

Assume a 2-percent increase for productivity in the Performance Funding System (PFS) calculations of public housing operating subsidies. The productivity increase would apply to the nonutility component of public housing costs (also see item on utility savings). No productivity allowance is now included in the PFS calculations. HUD will argue that such an allowance is premature, but that the Department is working on productivity analyses. HUD has argued this way for over 2 years and this would create an incentive to complete their analyses.

July 17, 1978

Budget Examiner: McQuaid
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: Public Housing Operating Subsidies

Nature of action: (Check one)

Type of action required: (Check one)

Substantive (affecting program) X

Rescission proposal

Note: If two or more kinds of actions are needed, identify dollar amount for each.

Deferral proposal

Operational (affecting way programs are carried out)

Other legislation

Administrative action X

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Thousands):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Budget authority.....	729,000	-12,000	-12,000	-12,000
Outlays.....	729,000	-6,000	-12,000	-12,000

Suggested action

The 1979 Budget request includes \$12 million for a discretionary fund for new or unforeseen costs of well-managed Public Housing Agencies (PHA's). OMB staff believe this discretionary funding would undermine the financial incentives of the Performance Funding System now used to estimate and allocate public housing operating subsidies. The House-passed Appropriation bill reduces this discretionary fund by \$6 million. This suggested action would call for the removal of this discretionary fund and the \$12 million request.

The need for this 1979 discretionary funding has become suspect, due to the discovery of an unanticipated surplus in available 1978 funds. Secretary Harris' recently announced urban initiative program, together with the interagency effort to target security funds to troubled

public housing projects, should also eliminate much of the substantive need for these discretionary funds. Finally, since the discretionary funds will go to many of the same PHA's receiving urban initiatives support, this separate funding will make it more difficult to evaluate the specific urban initiatives impact.

July 17, 1978

Budget Examiner: Brigham
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: Nonprofit Sponsor Assistance

Nature of action: (Check one)

Substantive (affecting program) X

Operational (affecting way
programs are carried out)

Type of action required: (Check one)

Rescission proposal X

Deferral proposal

Other legislation X

Administrative action

Note: If two or more kinds
of actions are needed,
identify dollar amount
for each.

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Millions):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Budget authority.....	---	---	---	---
Outlays.....	.6	-6.5*	-4.7*	---

Suggested action

Terminate the Nonprofit Sponsor Assistance program which provides small, interest-free loans to nonprofit sponsors for preconstruction planning of housing projects for the elderly or handicapped. There is no substantive reason for supporting nonprofit developers over other kinds of developers of subsidized housing, especially given the poor management record and default experience of nonprofit sponsors. Nonprofit sponsors (churches, unions, community groups) are very powerful politically, and the proposed rescission would be difficult to secure. In the short run, construction starts of subsidized elderly and handicapped housing probably would slow down. Construction starts and completions might speed up in the long run as for-profit sponsors replace nonprofit sponsors.

* These are receipts from previous loans into the revolving fund, assuming no new loans in 1979 or 1980.

July 17, 1978

Budget Examiner: Newton
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: Community Development Block Grant

Nature of action: (Check one) Type of action required: (Check one)

Substantive (affecting program)	<input type="checkbox"/>	Rescission proposal	<input type="checkbox"/>	Note: If two or more kinds of actions are needed, identify dollar amount for each.
Operational (affecting way programs are carried out)	<input type="checkbox"/>	Deferral proposal	<input type="checkbox"/>	
	<input checked="" type="checkbox"/>	Other legislation	<input checked="" type="checkbox"/>	
	<input type="checkbox"/>	Administrative action	<input type="checkbox"/>	

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Millions):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Budget authority.....	27.2	-6.1	-12.3	-12.3
Outlays.....	27.0	-6.0	-12.0	-12.3

Staffing effect

Staff years.....	829.4	-187.1	-374.2	-374.2
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Suggested action

Allow States to administer and allocate discretionary SMSA and non-SMSA Community Development Block Grants. This decrease reflects staff year savings. The program would be turned over to the States. Federal responsibility would total 155 staff years--107 for monitoring visits to ascertain the goals of the program are being carried out, and 48 for training at the State level for processing and administration. These savings reflect only the field staff concerned with the discretionary allocations of SMSA and non-SMSA grants. The full effect would not be felt until 1980.

July 17, 1978

Budget Examiner: Newton
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: Comprehensive Planning Grants

Nature of action: (Check one)

Type of action required: (Check one)

Substantive (affecting program) X

Rescission proposal X

Note: If two or more kinds
of actions are needed,
identify dollar amount
for each.

Operational (affecting way
programs are carried out)

Deferral proposal

Other legislation

Administrative action

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Millions):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Budget authority.....	57	-57	-57	-57
Outlays.....	60	-20	-51	-57

Suggested action

Terminate the planning grants program and rescind the 1979 budget authority. As an eligible program under the Community Development Block Grant program, communities can use these funds for planning.

Budget Examiner: Barrett
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: FHA Mortgage Insurance

Nature of action: (Check one)

Substantive (affecting program) X

Operational (affecting way
programs are carried out)

Type of action required: (Check one)

Rescission proposal

Deferral proposal

Other legislation

Administrative action X

Note: If two or more
kinds of actions
are needed,
identify dollar
amount for each.

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Thousands):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Budget authority.....	570,000	-7,500	-15,000	-22,500
Outlays.....	570,000	-7,500	-15,000	-22,500

Suggested action

Raise insurance premiums to maximum legal rate (1 percent annually of unpaid balance of mortgage) for FHA mortgage insurance programs that are actuarially unsound: expected revenues at the current premium (0.5 percent) will not equal expected costs (discounted to reflect different timing). While 1 percent is probably not sufficient to make the programs actuarially sound, it is the maximum currently allowed under the law and could be implemented immediately. The increased price for insurance might deter some potential FHA homebuyers from purchasing a home or more likely could lead to a delayed purchase. Lower income and minority purchasers would pay a disproportionate share of this increase since they are over-represented in the use of these programs.

July 17, 1978

Budget Examiner: Barrett
Telephone: 4610

1979 Budget Reductions
Department of Housing and Urban Development

Name of affected program: FHA Mortgage Insurance Applications

Nature of action: (Check one)

Type of action required: (Check one)

Substantive (affecting program) ☐

Rescission proposal ☐

Note: If two or more kinds
of actions are needed,
identify dollar amount
for each.

Operational (affecting way
programs are carried out) ☒

Deferral proposal ☐

Other legislation ☐

Administrative action ☒

Budget effect (Change from Presidential proposals in Mid-Session Review) (Dollars in Thousands):

	<u>1979 Base Total</u>	<u>1979</u>	<u>1980*</u>	<u>1981*</u>
Budget authority.....	N/A	-9,700	-9,700	-9,700
Outlays.....	N/A	-9,700	-9,700	-9,700
Staff years.....	2,386	-323	-323	-323

* Very conservative estimates; no pipeline impact.

Suggested action

Applications for FHA mortgage insurance for homes are below estimates in two ways: (1) volume is less than expected; (2) the more staff-intensive new homes are well below estimates. The above savings are based on a reestimate of insurance volume for the two factors mentioned above. HUD will claim that the increased trend will reach the original estimates, while mortgage market developments lead us to doubt future growth.

July 17, 1978

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INTERIOR

July 21, 1978

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR
(\$ in thousands)

Budget Authority

	<u>1979</u> <u>Base</u>	<u>1979</u> <u>Reduction</u>	<u>1980</u> <u>Reduction</u>	<u>1981</u> <u>Reduction</u>
A. <u>Waste or Overhead Elimination</u>				
1. Department-wide travel-----	78,000	-1,500	-1,500	-1,500
2. Department-wide printing-----	19,000	-1,000	-1,000	-1,000
3. Department-wide personnel reductions	1,086,000	-1,000	-1,000	-1,000
4. Department-wide FTS telephone cost--	10,150	-500	-500	-500
5. Department-wide long-term training--	7,750	-150	-150	-150
6. Consolidation of Field Offices-----	?	-0-	?	?
B. <u>Program Reductions</u>				
1. Construction				
a. Bureau of Land Management-----	17,683	-2,918	-0-	-0-
b. Fish and Wildlife Service-----	90,000	-18,000	-0-	-0-
c. National Park Service-----	121,000	-24,000	-0-	-0-
2. Land Purchases				
a. Defer purchases in Fed. parks & grants-		-50,000	-0-	-0-
b. Purchases more easements-----		-5,000	-10,000	-10,000
c. Steps to limit price escalation-		-25,000	-25,000	-25,000
3. Operating Programs				
a. Transfer Fish and Wildlife Prog. to States-----	42,950	-17,180	-17,180	-17,180
b. National Park Service				
i. increased contracting -----	165,124	-2,000	-5,000	-10,000
ii. use of unmanned exhibits ----	38,444	-500	-2,000	-5,000
c. Geological survey				
i. Earthquake Prediction Resch.	15,994	-10,000	-15,554	-15,554
ii. Ship operations-----	2,800	-?	-?	-?
d. Bureau of Indian Affairs				
i. Indian Action Program-----	21,300	-5,325	-5,325	-5,325

		<u>Budget Authority</u>			
		<u>1979</u> <u>Base</u>	<u>1979</u> <u>Reduction</u>	<u>1980</u> <u>Reduction</u>	<u>1981</u> <u>Reduction</u>
C.	<u>Increased Receipts</u>				
a.	Federal Recreation Fees-----	-26,221	-50,000	-50,000	-50,000
b.	Farm Pond Fish Stocking Fees-----	-0-	-600	-600	-600

July 21, 1978

Budget examiner: L. CardwellTelephone: 4993

**1979 Budget Reductions
DEPARTMENT OF THE INTERIOR**

Name of affected program

Department-Wide Travel

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	Note: If two or more kinds of actions are needed, identify dollar amount for each
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>	
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> X </u>	Other legislation	<u> </u>	
		Administrative action	<u> X </u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	78,000	-1,500	-1,500	-1,500
Outlays.....	78,000	-1,500	-1,500	-1,500

Suggested action

A 2 percent reduction in department-wide travel to be taken against conference travel including, but, not limited to, travel to international conferences. Intended effect is to reduce the number of Department employees attending such conferences, rather than to eliminate Department representatives attending or convening them. Reduction should have no adverse effect on management or operations of the Department. (Note: The 1979 Budget amount for Department-wide travel of \$78,000K already is \$1,000K less than the 1978 amount.) The \$1,500K savings to be applied to pay cost absorption.

Budget examiner: L. Cardwell

Telephone: 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program

Department-Wide Printing and Reproduction

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	_____	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	_____
		Administrative action	<u>X</u>

Note: If two
or more kinds of
actions are needed,
identify dollar
amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in 000's)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	19,000	-1,000	-1,000	-1,000
Outlays.....	19,000	-1,000	-1,000	-1,000

Suggested action

A 3 percent reduction in Department-wide printing and reproduction costs to be achieved by a combination of actions to: reduce numbers of copies, use of color, and quality of paper. The reduction would have no adverse effects on the operation or management of the Department. (Note: The 1979 Budget amount of \$19,000K is exactly the same as the 1978 amount which would indicate cost increases already are being absorbed by the agency.) The \$1,000K savings are proposed to be applied to absorption of pay costs.

Budget examiner: W. A. Maxwell

Telephone: 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program

Personnel Reductions

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	<u> </u>
		Administrative action	<u>X</u>

Note: If two
or more kinds of
actions are needed,
identify dollar
amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	NA	-1,000	-1,000	-1,000
Outlays.....	NA	-1,000	-1,000	-1,000

Suggested action

Department-wide, "savings" of approximately \$1,000,000 could be realized if 30 positions in the category of deputy or assistant were eliminated. The savings could be used to offset increased pay costs in the FY 1979 supplemental for this purpose. We believe that management of the Department will not be adversely affected.

Budget examiner: W. A. MaxweTelephone: * 7 4993

**1979 Budget Reductions
DEPARTMENT OF THE INTERIOR**

Name of affected program

Long-term training

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> X </u>	Other legislation	<u> </u>	
		Administrative action	<u> X </u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	7,750	-150	-150	-150
Outlays.....	7,362	-150	-150	-150

Suggested action

Approximately 2 percent of non-salary cost of training of DOI employees is invested in long-term training which is defined as: training whose duration is greater than 120 days or more than 960 hours; on the job training is excluded from this definition. Thus, approximately \$150,000 could be saved if funds for long-term training were virtually eliminated. We believe that long-term training is of greater personal benefit to the employee than to the Department in meeting its mission in contrast to short-term training. Savings realized could be used to offset increased pay costs.

Budget examiner: W. A. Maxw
 Telephone: 4993

1979 Budget Reductions
 DEPARTMENT OF THE INTERIOR

Name of affected program

FTS telephone costs

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
Operational (affecting way programs are carried out)	<u>X</u>	Deferral proposal	<u> </u>	
		Other legislation	<u> </u>	
		Administrative action	<u>X</u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	10,150	-500	-500	-500
Outlays.....	10,150	-500	-500	-500

Suggested action

GSA's estimate of FTS costs for FY 1979 is \$839,000 less than DOI's estimate. A reduction of \$500,000 in FY 1979 could be safely made in funds for FTS and could have the effect of forcing DOI to reevaluate telephone usage. Savings realized could be used to offset increased pay costs.

Budget examiner: Cardwell

Telephone: *1 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program Department-wide consolidation of field offices

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	_____	Rescission proposal	_____
		Deferral proposal	_____
Operational (affecting way programs are carried out)	<u>x</u>	Other legislation	_____
		Administrative action	<u>x</u>

Note: If two or more kinds of actions are needed, identify dollar amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	<u>Base</u> <u>Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	?	?	?	?
Outlays.....	?	?	?	?

Suggested action Request initiation of a six month intensive Department-wide review to identify all locations where it is practical to consolidate or co-locate field offices to realize long-term savings. Department staff believe significant cost savings could be realized over the next several years but six months would be required to prepare a defensible set of proposals and get them ready for implementation. Such a study would require reallocation of DOI staff support from President's Reorganization Project and relocation proposals would need to be considered in light of any Administration proposal to reorganize Natural Resources agencies.

Budget examiner: Rammins

Telephone: 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program : Bureau of Land Management - Acquisition, Construction and Maintenance

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<input type="checkbox"/>	Rescission proposal	<input type="checkbox"/>	Note: If two or more kinds of actions are needed, identify dollar amount for each
Operational (affecting way programs are carried out)	<input type="checkbox"/>	Deferral proposal	<input checked="" type="checkbox"/>	
		Other legislation	<input type="checkbox"/>	
		Administrative action	<input type="checkbox"/>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	(\$ in 000's) 1979	1980	1981
BA.....	17,683	-2,918	-0	-0
Outlays.....	19,071	-1,750	-0	-0

Suggested action Delay new construction:

- | | |
|---|---|
| - shop at Lakeview, Oregon | - Employee housing at Hanksville, Utah |
| - warehouse and shop at Elko, Nevada | - Warehouse at Rawling, Wyoming |
| - warehouse and fire dispatch center at
Susanville, California | - Fire lookouts in Arizona and Idaho |
| - Office space at Shoshone, Idaho | - Communication site buildings in Arizona |
| - Fire retardant storage and parking space
at Lewistown, Montana | |

Note: The survey and design work has been finished for the above projects. A year's delay will not affect the bureau's ability to perform its management and operational functions.

Budget examiner: Dworsky

Telephone: " 1 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program Fish and Wildlife Service Construction

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>	
		Administrative action	<u> </u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	(\$ in 000's)		
		1979	1980	1981
BA.....	90,000	-18,000	-	-
Outlays.....	57,000	-16,000	-2,000	-

Suggested action

Proposed is a program reduction in the construction and rehabilitation program of the Fish and Wildlife Service. This is a one year program cut of 20 percent which would not be made up by the future year construction program, and is composed of numerous small construction projects. The Administration proposed in the 1978 budget an accelerated construction program on refuges. This proposal, therefore, would be seen by conservationists as a change in the Administration's program in this area. The House Budget Resolution and CBO disagree with the 1979 Budget BO estimate. CBO estimates BO at \$66 million rather than \$57 million.

Budget examiner: Sessions

Telephone: 1 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program National Park Service Construction

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>	
		Administrative action	<u> </u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in 000's)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	121,000	-24,000	-	-
Outlays.....	121,000	-12,000	-12,000	-

Suggested action

Proposed is a program reduction in the construction and rehabilitation program of the National Park Service. This is a one year program cut of 20 percent which would not be made up by the future year construction program, and is composed of numerous small construction projects. The Administration proposed in the 1978 budget an accelerated construction program in the National Parks. This proposal, therefore, would be seen by conservationists as a change in the Administration's program in this area.

Budget examiner: Sessions

Telephone: 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program Land and Water Conservation Fund (one-time deferral of purchases)

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal		
Operational (affecting way programs are carried out)		Other legislation		
		Administrative action		

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	Base Total	1979	1980	1981
BA.....	755,000	-50,000	-	-
Outlays.....	556,000	-16,000	-12,000	-7,000

Suggested action Proposed is a program reduction in both Federal land acquisition (\$25 million) and State grants (\$25 M) in the Land and Water Conservation Fund. This is a one year program cut, which will not be made up in future years. The LWCF is recommend for reduction below the President's budget for FY 1979 because it is a program:

- whose benefits may be deferred--land can usually still be brought later.
- which employs few people and hence would not require much reduction in employment to be associated with a reduction in funding.

The LWCF is quite popular with environmentalists, and this cut would be opposed. The LWCF appropriation, even after the cut, though, would still exceed the level of the FY 1978 appropriation (\$600 million),

Budget examiner: Sessions
 Telephone: 7 4993

1979 Budget Reductions
 DEPARTMENT OF THE INTERIOR

Name of affected program Land and Water Conservation Fund -- Federal Land Acquisition(Easements)

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	_____	Rescission proposal	_____	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	_____	
Operational (affecting way programs are carried out)		Other legislation	_____	
	<u>x</u>	Administrative action	<u>x</u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	Base Total	1979	1980	1981
BA.....	347,000	-5,000	-10,000	-10,000
Outlays.....	320,000	-5,000	-10,000	-10,000

Suggested action The Federal Government does not make effective use of less-than-fee easements as a land acquisition tool. Easements are proving to be only marginally (30%) cheaper than in-fee purchase, and hence are used sparingly. According to some observers, the reason for the high cost of easements is that they are drawn too stringently. They are not directed solely at the desired outcome--access, preservation of foliage, preservation of open-space, or whatever--but rather are generally written to prevent any changes in the current status of the property. Some easements, for example, specify that a house cannot be painted a different color or that an addition cannot be built onto the house when such events are in fact of marginal harm to the main purpose of the easement. Generally, use of less restrictive easements would lower the cost of land acquisition programs while often returning benefits approaching those of in-fee acquisition. Savings to be applied to pay cost absorption.

Budget examiner: Sessions
 Telephone: 4993

1979 Budget Reductions
 DEPARTMENT OF THE INTERIOR

Name of affected program Land and Water Conservation Fund -- Federal Land Acquisition (Limit Price Escalation)

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal		
Operational (affecting way programs are carried out)		Other legislation	<u>x</u>	
		Administrative action		

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	Base Total	1979	1980	1981
BA.....	347,000	-25,000	-25,000	-25,000
Outlays.....	320,000	-25,000	-25,000	-25,000

Suggested action The objective is to limit price escalation of land to be purchased. When a Federal park or recreation is to be established, there are two steps: (1) the area is authorized by the Congress, and (2) the land within the area is purchased. There is a time lag between steps 1 and 2 -- frequently 3-4 years and occasionally 10. During this time lag, land price escalation is usually vicious. A rule of thumb is that the rate of price escalation is twice as high after authorization of the area than before it.

An effective way of forestalling undue price escalation would be the following. Provide in the legislation authorizing a new park that the price to be paid for the land would be the price at the date of the park authorization, plus a fair rate of interest from the date of authorization to the date of actual acquisition. This provision would have the effect of letting the price of the land escalate after authorization of the park only at a rate equal to the interest rate.

There may be some constitutional or other legal problems with this approach. It has not been researched. It could be applied to Federal land acquisition for water projects also.

Budget examiner: D. Dworsky

Telephone: 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program

Wildlife Refuges, Fish Hatcheries, and Fish and Wildlife Research Laboratories

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>
		Deferral proposal	<u> </u>
Operational (affecting way programs are carried out)	<u>X</u>	Other legislation	<u>X</u>
		Administrative action	<u>X</u>

Note: If two or more kinds of actions are needed, identify dollar amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	Base Total	1979	1980	1981
BA.....	42,950	-17,180	-17,180	-17,180
Outlays.....	42,950	-17,180	-17,180	-17,180

Suggested action

Fish and Wildlife Service Wildlife Refuges and Fish Hatcheries could be operated by States and research at laboratories could be contracted out. Federal payments or grants would be needed both to get States to manage these facilities and to ensure their continued outputs, but State fish and wildlife employee salaries are 40 percent less, on the average, than comparable Federal salaries. The estimated savings are based only on this difference in average salaries. All other costs are assumed to be the same and would be paid with Federal funds.

Refuges and hatcheries produce local, regional, and national benefits. Federal direction would be provided for the operations necessary to produce national benefits.

Wildlife Refuges, Fish Hatcheries, and Fish and Wildlife Research Laboratories (Cont'd)

We propose contracting with States initially to operate these facilities. Ultimately, however, legislation will be needed to transfer Refuges to States. Hatcheries could be turned over without legislation although congressional appropriations committees have asked to be informed of any prospective transfers. We propose maintaining the 15 existing research laboratories, but reducing Federal research personnel to a bare minimum necessary to provide overall direction for contracted research to be performed at the laboratories. This would eliminate the problem of hiring full-time permanent researchers who are knowledgeable on certain subjects when hired, but who do not possess the skills necessary to do future research on other matters.

The distribution of the reduction is:

	<u>1979 Base</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Refuges (legislation required)	18,000	-7,200	-7,200	-7,200
Hatcheries	8,700	-3,480	-3,480	-3,480
Laboratories	<u>16,250</u>	<u>-6,500</u>	<u>-6,500</u>	<u>-6,500</u>
Total	42,950	-17,180	-17,180	-17,180

Budget examiner: Sessions

Telephone: 1 4993

1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program National Park Service - Operations (Increased Contracting)

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>	
	<u>X</u>	Administrative action	<u>X</u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	<u>Base Total</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	165,124	-2,000	-5,000	-10,000
Outlays.....	165,124	-2,000	-5,000	-10,000

Suggested action Increase contracting of routine operating and maintenance functions. NPS currently does not give sufficient consideration to contracting for services as opposed to performing them in-house. Activities such as garbage collection or lawnmowing are examples. NPS argument is that performing these functions in-house assures quality control. The savings to be applied to pay cost absorption.

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1979 Budget Reductions
 DEPARTMENT OF THE INTERIOR

Name of affected program National Park Service - Interpretation (Unmanned Exhibits)

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u>x</u>	Other legislation	<u> </u>	
		Administrative action	<u>x</u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	Base Total	1979	1980	1981
BA.....	38,444	-500	-2,000	-5,000
Outlays.....	38,444	-500	-2,000	-5,000

Suggested action

Increase reliance on unmanned (exhibits, signs, films, etc.) rather than manned means of interpretation in parks. NPS conducts its interpretation in a personnel-intensive fashion, with conducted walks, campfire talks, environmental education programs, etc. These traditional forms of interaction are taken advantage of by a surprisingly low proportion of park visitors. And they are much more costly per visitor contact than are unmanned methods of interpretation. However, increased reliance on unmanned interpretation would be the cost of losing some of the quality of service to visitors which has typified parks. The savings to be applied to pay cost absorption.

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1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program Earthquake Prediction Research by U.S. Geological Survey

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>x</u>	Rescission proposal	<u>x</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal		
Operational (affecting way programs are carried out)		Other legislation		
		Administrative action		

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	Base Total	1979	1980	1981
BA.....	15,994	-10,000	-15,994	-15,994
Outlays.....	14,400	-10,000	-15,994	-15,994

Suggested action

Proposal is to terminate earthquake prediction research by the Federal Government because it is the single most expensive but least effective part of current Federal earthquake hazard reduction efforts. Ongoing work by USGS to assess earthquake hazard areas and disseminate information concerning them would continue at 1979 Budget level (\$15,518K). (Funds for engineering and land use regulation research related to earthquake hazards is funded by National Science Foundation grants.)

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1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program

U.S. Geological Survey Ship Operations

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	_____	Rescission proposal	_____
Operational (affecting way programs are carried out)	<u>x</u>	Deferral proposal	_____
		Other legislation	_____
		Administrative action	<u>x</u>

Note: If two or more kinds of actions are needed, identify dollar amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	(\$ in 000's)		
		1979	1980	1981
BA.....	2,800	-?	-?	-?
Outlays.....	2,800	-?	-?	-?

Suggested action

The U.S. Geological Survey has two large ocean-going ships (R/V Lee, 1,297 tons and R/V Sea Sounder, 900 tons), and two coastal/euary vessels (R/V Miller, 240 tons and R/V Polaris, 100 tons) for which total annual operating costs are approximately \$2,800K. Discussions already are underway between USGS and NOAA about possible use of NOAA ships as partial substitute for continued maintenance of the USGS ships. Proposal is to require DOI to determine most cost-effective alternative: (a) partial substitute of NOAA ships; (b) contracted private ship time; or (c) continued maintenance of present USGS ships.

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1979 Budget Reductions
DEPARTMENT OF THE INTERIOR

Name of affected program

Indian Action Program - BIA

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u>X</u>	Rescission proposal	<u>X</u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>	
		Administrative action	<u> </u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 <u>Base Total</u>	(\$ in 000's)		
		<u>1979</u>	<u>1980</u>	<u>1981</u>
BA.....	21,300	-5,325	-5,325	-5,325
Outlays.....	21,300	-5,325	-5,325	-5,325

Suggested action

This program provides funding to 64 Indian contractors who then provide a variety of services to nearly 150 different tribes. Although this program has been in existence for 5 years, BIA has never evaluated the effectiveness of the program and never terminated a contract for cause. The head of the program has said that he cannot tell what good it may be doing. A 25 percent cut would indicate our concern that this program be reviewed and the lowest priority projects be dropped.

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1979 Budget Reductions
 DEPARTMENT OF THE INTERIOR

Name of affected program Federal Recreation Fees (Receipts)

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)	
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>	Note: If two or more kinds of actions are needed, identify dollar amount for each
		Deferral proposal	<u> </u>	
Operational (affecting way programs are carried out)	<u> </u>	Other legislation	<u> </u>	
	<u>X</u>	Administrative action	<u>X</u>	

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979 Base Total	(\$ in 000's)		
		1979**	1980**	1981**
BA.....	-26,221	-50,000*	-50,000*	-50,000*
Outlays.....	-26,221	-50,000*	-50,000*	-50,000*

Suggested action (see page 2)

* increased receipts

** Assumes no growth in Federal recreation visitation.

Limited recreational (entrance, use, and special permit) fees now are allowed to be collected by the seven Federal land management agencies (BLM, BuRec, Corps, F.S. FWS, NPS, TVA) but only where there are specific improvements and specialized facilities. In 1977, \$26,221,600 was collected in such fees. With 1.7 billion recreation days on Federal lands, about 2¢ was collected from the average visitor per recreation day. Two changes are proposed:

- increase the proportion of Federal recreation areas at which fees are charged.
- increase fee coverage at fee areas: charge fees for more of the year and for more facilities, charge fees per person rather than per carload, raise the level of the fee, etc.

A small portion of these increases could be achieved administratively, while any substantial increase in fee collection will require legislation.

The rationale for this proposal is that:

- providing Federal recreation preservation and wildlife areas and facilities require large government outlays.
- latest recreational survey data indicates that Federal recreation lands are used by only a small proportion of Americans. Since Federal recreation visitation is, thus a special benefit provided to some, but not all, taxpayers, fees should be charged pursuant to OMB Circular A-25.

A conservative estimate of increased fees would be an increase of \$20.4 million based on proposed new National Park Service entrance fee areas (\$+4 million) and a doubling of current user fees (\$+16.4 million). If the average fee per visitor were raised from the present 2¢ to 10¢ an additional \$140 million in fees would be collected. A relatively small proportion of these receipts would have to be expended as costs of collecting the fees.

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1979 Budget Reductions
 DEPARTMENT OF THE INTERIOR

Name of affected program

Farm Pond Fish Stocking

<u>Nature of action:</u>	(Check one)	<u>Type of action required:</u>	(Check one)
Substantive (affecting program)	<u> </u>	Rescission proposal	<u> </u>
Operational (affecting way programs are carried out)	<u>X</u>	Deferral proposal	<u> </u>
		Other legislation	<u> </u>
		Administrative action	<u>X</u>

Note: If two or more kinds of actions are needed, identify dollar amount for each

Budget effect (Change from Presidential proposals in Mid-Session Review):

	1979	(\$ in 000's)		
	Base Total	1979	1980	1981
BA.....	600	-600	-650	-700
Outlays.....	600	-600	-650	-700

Suggested action

The Fish and Wildlife Service provides free fish to farmers with farm ponds as an incentive to build ponds. The fish are produced at fish hatcheries financed by all taxpayers. Although members of the public supposedly are able to fish these ponds, the public generally is unaware of this right and is, in any event, reluctant to enter private farms for this purpose. Since they thus receive a special benefit other members of the public do not receive, farmers should pay a special user fee pursuant to OMB Circular A-25 to cover the cost of this program. Farmers could easily pay the few dollars to cover the costs of producing the fish they receive.